China Education Resources Inc.

Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)

Three Months Ended March 31, 2008
(Unaudited)

Management’s Responsibility for Financial Reporting

The accompanying unaudited interim consolidated financial statements of China Education Resources Inc. were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the December 31, 2007 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim consolidated financial statements and (ii) the unaudited interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CHINA EDUCATION RESOURCES INC.
Consolidated Balance Sheets
As at March 31, 2008 and December 31, 2007
(See note 1 - Basis of presentation)

(Expressed in U.S. Dollars)

	2008	2007
ASSETS	**(Unaudited)**	**(Audited)**
Current assets		
Cash	$ 1,926,716	$ 293,929
Accounts receivable (Note 5)	281,151	269,455
Inventory	144,626	141,543
Prepaid expenses & deposits	86,544	38,250
Other receivable	47,727	79,312
Total current assets	2,486,764	822,489
Due from related parties	171,144	164,316
Long-term other receivable (Note 6)	615,586	583,996
Equipment and website development costs (Note 7)	2,288,899	2,483,845
Goodwill	2,998,875	2,998,875
Total assets	$ 8,561,268	$ 7,053,521
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,549,210	$ 2,707,455
Income taxes payable	2,015,652	1,959,471
Total current liabilities	4,564,862	4,666,926
Future income tax liability	25,548	25,548
Long-term payable	22,248	22,248
Total liabilities	4,612,658	4,714,722
Commitments (Note 11)		
SHAREHOLDERS' EQUITY		
Share capital	28,376,584	26,140,551
Contributed surplus	1,485,726	1,250,845
Acumulated other comprehensive income	271,526	244,567
Deficit	(26,185,226)	(25,297,164)
Total shareholders' equity	3,948,610	2,338,799
Total liabilities and shareholders' equity	$ 8,561,268	$ 7,053,521

Approved by the Board:

"CF Zhou"
Director

"Ron Shon"
Director

(The accompanying notes are an integral part of these consolidated financial statements)

CHINA EDUCATION RESOURCES INC.
Consolidated Statements of Operations and Comprehensive Loss
for the three months ended March 31, 2008 and 2007
(Unaudited)

(Expressed in U.S. Dollars)

		2008		2007
Revenue				
Book sales and distribution services	**$**	**92,457**	$	286,234
Teacher training		**20,158**		-
		112,615		286,234
Cost of sales		**34,447**		85,295
Gross profit		**78,168**		200,939
Expenses				
General and administrative		**428,455**		224,420
Amortization		**288,271**		39,316
Bad debts		**588**		-
Selling expenses		**21,495**		42,162
Website operating expenses		**-**		275,175
Stock-based compensation (Note 10(b))		**234,881**		78,013
		973,690		659,086
Operating loss		**(895,522)**		(458,147)
Other income				
Interest income		**7,460**		13,819
Loss before non-controlling interest		**(888,062)**		(444,328)
Non-controlling interest		**-**		8,858
Net loss for the period		**(888,062)**		(435,470)
Unrealized exchange gain on translation of self-sustaining foreign operations		**26,959**		25,445
Comprehensive loss	**$**	**(861,103)**	$	(410,025)
Loss per share - Basic and diluted		**(0.0210)**		(0.0115)
Weighted average number of common shares used to calculate basic and diluted loss per share		**42,196,192**		37,923,483

(The accompanying notes are an integral part of these consolidated financial statements)

CHINA EDUCATION RESOURCES INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
for the three months ended March 31, 2008 and 2007
(Unaudited)

(Expressed in U.S. Dollars)	Number of Shares	Amount	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Comprehensive income (loss)	Total
Balance, December 31, 2006	37,923,483	$ 25,886,237	$ 999,965	$ 125,184	$ (21,159,494)	$ (2,421,706)	$ 5,851,892
Issued for cash under private placement in October 2007 (Note 9(a))	481,500	254,314	32,812	-	-	-	287,126
Stock-based compensation	-	-	218,068	-	-	-	218,068
Foreign currency translation	-	-	-	119,383	-	119,383	119,383
Net loss for the year ended December 31, 2007	-	-	-	-	(4,137,670)	(4,137,670)	(4,137,670)
Balance, December 31, 2007	38,404,983	$ 26,140,551	$ 1,250,845	$ 244,567	$ (25,297,164)	$ (4,018,287)	$ 2,338,799
Issued for cash under private placement in January 2008 (Note 9(a))	4,600,000	2,236,033	-	-	-	-	2,236,033
Stock-based compensation	-	-	234,881	-	-	-	234,881
Foreign currency translation	-	-	-	26,959	-	26,959	26,959
Net loss for the three months ended March 31, 2008	-	-	-	-	(888,062)	(888,062)	(888,062)
Balance, March 31, 2008	43,004,983	$ 28,376,584	$ 1,485,726	$ 271,526	$ (26,185,226)	$ (4,879,390)	$ 3,948,610

(The accompanying notes are an integral part of these consolidated financial statements)

CHINA EDUCATION RESOURCES INC.
Consolidated Statements of Cash Flows
for the three months ended March 31, 2008 and 2007
(Unaudited)

(Expressed in U.S. Dollars)

	2008	2007
Cash flows from (used in) operating activities		
Net loss from continuing operations	**$ (888,062)**	$ (435,470)
Items not affecting cash:		
Amortization	**288,271**	39,316
Bad debts	**588**	-
Disposal of assets	**10,357**	12,245
Non-controlling interest	**-**	(8,858)
Stock based compensation	**234,881**	78,013
Changes in non-cash working capital items		
Accounts and other receivable	**(11,701)**	3,790
Inventory	**(3,083)**	2,103
Prepaid expenses and deposits	**(48,294)**	1,045
Accounts payable & accrued liabilities	**(158,245)**	116,355
Income taxes payable	**56,181**	(26,232)
	(519,107)	(217,693)
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	**(1,250)**	(524,841)
Advances to related parties	**(6,828)**	(1,518)
	(8,078)	(526,359)
Cash flows from (used in) financing activities		
Net proceeds on issuance of share capital	**2,236,033**	-
Repayment of automobile loan	**-**	(6,598)
	2,236,033	(6,598)
Effect of foreign exchange rate	**(76,061)**	25,445
Net cash outflow during the period	**1,632,787**	(725,205)
Cash, beginning of period	**293,929**	2,562,771
Cash, end of period	**$ 1,926,716**	$ 1,837,566
Cash and cash equivalents consist of:		
Cash	$ 440,283	$ 509,172
Term deposits	1,486,433	1,328,394
	$ 1,926,716	$ 1,837,566
Supplemental disclosure of cash flow information		
Interest paid	**$ 675**	
Taxes paid	**$ -**	$ -

(The accompanying notes are an integral part of these consolidated financial statements)

China Education Resources Inc.

Notes to the Interim Consolidated Financial Statements
(Expressed in U.S. Dollars)
For the Three Months Ended March 31, 2008
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

China Education Resources Inc., together with its subsidiaries (individually and collectively referred to as the "Company"), provides an education internet portal with educational content, resources and training programs to users in People's Republic of China ("China"). The Company's principal activity up to late 2006 was distribution of educational textbooks and materials developed by the Company to bookstores and schools in China.

These unaudited interim consolidated financial statements have been prepared on the basis of a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as going concern as described in the following paragraph. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited interim consolidated financial statements.

The Company has a need for financing for working capital, development and update its education internet education portal. The ability of the Company to continue as a going concern is dependant upon the acceptance of the education internet portal by the users to achieve a profitable level of operations by the Company and on the ability of the Company to obtain necessary financing to fund the Company's future business plan. The outcome of these matters cannot be predicted at this time. Since inception, the Company has incurred cumulative losses of $26,185,226 and for the three months ended March 31, 2008, incurred negative operating cash flow from continuing operations of approximately $0.52 million.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2008 may not necessarily be indicative of the results that may be expected for the year ended December 31, 2008.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES - Continued

The consolidated balance sheet at December 31, 2007 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2007, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2007.

These unaudited consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries, CEN China Education Network Ltd. ("CEN Network"), China Education International Inc. and CEN China Education Overseas Corporation; and its 90% owned subsidiaries CEN Smart Networks Ltd. ("CEN Smart") and Today's Teachers Technology & Culture Ltd. ("TTTC"). All significant inter-company transactions and accounts have been eliminated.

Certain comparative figures have been reclassified to conform to the current period presentation. These reclassifications have not had an impact on results of operations for the period.

The Company adopted the following new accounting policies as from January 1, 2008:

(a) Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The Company has included disclosures recommended by the new Handbook section in note 3 to these interim consolidated financial statements.

(b) Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Company has included disclosures recommended by the new Handbook sections in note 4 to these interim consolidated financial statements.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES - Continued

(c) General Standards of Financial Statement Presentation

Handbook Section 1400 includes requirements to assess and disclose an entity’s ability to continue as a going concern. This new standard will not have any significant impact on the interim consolidated financial statements of the Company.

Future Accounting Pronouncements

(a) International Financial Reporting Standards (“IFRS”)

In January 2006, the CICA’s Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will be required to have prepared, in time for its first quarter 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010.

(b) Goodwill and Intangible Assets

Section 3064, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and expenses during the pre-operating period. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new operations. The new standard is effective as of January 1, 2009. The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

3. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development and update of the educational internet portal. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

3. CAPITAL MANAGEMENT - Continued

Although the Company has commercialized its teaching training portal in February 2007 and launched for beta testing of its education internet portal in April 2008, the Company is still dependent on external financing to fund its future business plan until it achieves a profitable level of operations. The Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to develop additional features for its education internet portal and will also look into other opportunities to provide educational services provided through the internet if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2008. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

4. FINANCIAL INSTRUMENTS

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, accounts receivable, other receivable, accounts payable and accrued liabilities, due from related parties, long term other receivable and long term payable.

The Company has classified its cash and cash equivalents as held for trading, which are measured at fair value. Accounts receivable, other receivable, due from related parties and long term other receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and long term payable are classified as other financial liabilities, which are measured at amortized cost.

At March 31, 2008, the carrying and fair value amounts of the Company's financial instruments related to cash and cash equivalents, accounts receivable, other receivable, long term receivable and accounts payable and accrued liabilities are the same due to their short terms to maturity.

At March 31, 2008, the carrying value of long term payable approximates the fair value based on the discounted cash flows at market rate. It is not practical to determine the fair value of the amounts due from related parties with sufficient reliability due to the nature of the financial instruments, the absence of secondary markets and the significant cost of obtaining outside appraisals.

4. FINANCIAL INSTRUMENTS - Continued

The Company's risk management activities include the preservation of its capital by minimizing risk related to its cash and term deposits. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee or written risk management policies. The Company's financial instruments are exposed to the risks described below:

(a) Credit risk

Credit risk is the risk of an unexpected loss if a party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash and accounts receivables. The Company has no significant concentration of credit risk arising from operations. Other receivables consist of goods and services tax due from the Federal Government of Canada and interest receivable. Management believes that the credit risk concentration with respect to accounts receivable and other receivables is remote. Management does not believe the receivables are impaired.

3 (December 31, 2007: 3) customers represent in excess of 10% of trade accounts receivable at March 31, 2008. 3 (2007: 4) customers represent in excess of 10% of total revenue at March 31, 2008.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. The Company ensures that there is sufficient working capital to fund near term planned exploration work and ongoing operating expenditures. As at March 31, 2008, the Company had a negative working capital of $2,078,098 (December 31, 2007 - $3,844,437). Most of the accounts payable are not due by the end of September 2008 which can be covered by the revenue to be received from the teacher training programs to be held in the third quarter of 2008.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

4. FINANCIAL INSTRUMENTS - Continued

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short term interest rates through the interest earned on cash balances. The Company has significant cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in short-term deposits with its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(ii) Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates.

The majority of the Company’s assets, liabilities, revenues and expenses are denominated in Chinese Renminbi (“RMB”), which was tied to the US dollar and is now tied to a basket of currencies of China’s largest trading partners, is not a freely convertible currency. The appreciation of the RMB against the US dollar would result in an increase in the assets, liabilities, revenues and expenses of the Company and a foreign currency gain included in comprehensive income. Conversely, the devaluation of the RMB against the US dollar would result in a decrease in the assets, liabilities, revenues and expenses of the Company and a foreign currency loss included in comprehensive income.

The Company's functional currency is the Canadian dollar and major transactions are transacted in Canadian dollars and RMB. The Company maintains Chinese RMB bank accounts in China to support monthly forecasted cash outflows. Management believes the foreign exchange risk derived from currency conversions is minimal and therefore does not hedge its foreign exchange risk. At March 31, 2008, approximately $288,282 of the cash was held in RMB.

Fluctuation in the value of Canadian dollar relative to US dollar has some impact on the Company’s head office financial results. However, such exchange rate fluctuations have not materially affected the overall financial earnings and results on a consolidated basis.

(iii) Price risk

The Company is exposed to risk of equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company monitors the movements of the stock market to determine the appropriate course of action to be taken by the Company.

4. FINANCIAL INSTRUMENTS - Continued

(d) Sensitivity analysis

The Company has designated its cash and cash equivalents as held-for-trading, which is measured at fair value. Accounts receivable, other receivable and long term other receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

(i) Short-term deposits are subject to floating interest rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by approximately $3,700 for the three months ended March 31, 2008.

(ii) The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash, accounts receivables, other receivables, long term other receivables and accounts payable and accrued liabilities that are denominated in Chinese RMB. Sensitivity to a plus or minus 5% change in the foreign exchange rates would affect net loss by approximately $9,800 for the three months ended March 31, 2008.

5. ACCOUNTS RECEIVABLE

	March 31, 2008	December 31, 2007
Trade receivables	$ 317,770	$ 304,613
Bad debt provision	(36,619)	(35,158)
	$ 281,151	$ 269,455

(Expressed in U.S. Dollars)

6. LONG-TERM OTHER RECEIVABLE

		March 31, 2008		December 31, 2007
Loan due from Shengshi Education Service Company ("Shengshi") [i]	$	649,102	$	623,205
Bad debt provision		(33,516)		(39,209)
	$	615,586	$	583,996

[i] Shengshi is a non-related business partner of one of the Chinese subsidiaries. The total loan due from Shengshi was $1,088,191 (RMB 7,630,000) of which $566,201 (RMB 3,970,000) was non-interest bearing and was due September, 2006, $188,258 (RMB 1,320,000) was bearing 10% interest and was due on June 2006 and $333,731 (RMB 2,340,000) was bearing 10% interest and was due on August 2006. Of the total loan, $649,102 (RMB 4,551,269) was collateralized by the shares of the Company owned by Beijing Anli Information and Consulting Company (“Anli”) and a shareholder of the Company. In 2006, management determined the collectibility of this loan became uncertain. In light of this uncertainty management set up a provision of $439,089 (RMB3,078,731) for the portion of the loan that is unsecured and did not accrue the interest income. At December 31, 2007, management set up additional provision of $33,516 (RMB 235,000).

(Expressed in U.S. Dollars)

7. EQUIPMENT AND WEBSITE DEVELOPMENT COST

	March 31, 2008		
	Cost	Accumulated depreciation	Net book value
Computer equipment	$ 469,521	$ 219,774	$ 249,747
Office equipment	122,359	41,113	81,246
Motor vehicles	370,875	270,585	100,290
Leasehold improvement	34,942	1,747	33,195
Website development costs	2,985,414	1,160,993	1,824,421
	$ 3,983,111	$ 1,694,212	$ 2,288,899

	December 31, 2007		
	Cost	Accumulated depreciation	Net book value
Computer equipment	$ 465,848	$ 208,423	$ 257,425
Office equipment	116,588	37,526	79,062
Motor vehicles	381,112	248,802	132,310
Leasehold improvement	33,548	-	33,548
Website development costs	2,853,360	871,860	1,981,500
	$ 3,850,456	$ 1,366,611	$ 2,483,845

The website development was substantially completed in January 2007 and the capitalized amount is amortized over 3 years.

(Expressed in U.S. Dollars)

8. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amounts as agreed upon by the related parties.

	March 31, 2008	December 31, 2007
Amount due from Beijing Anli Information and Consulting Company ("Anli"), net of bad debt provision of $33,259 [i]	$ 171,144	$ 164,316

[i] Anli and its major shareholder are shareholders of the Company. In 2003, the Company advanced funds of $164,316 (RMB 1,200,000) to Anli. A loan agreement was signed on October 28, 2003 for a one-year term, non-interest bearing. The loan was subsequently extended to October 31, 2008. At March 31, 2008, the loan was collateralized by the shares of the Company owned by Anli.

The Company's subsidiary, CEN Smart rents its office space from Anli. The Company accrued rent of $22,018 for the year ended December 31, 2007.

During the three months ended March 31, 2008, the Company incurred $8,339 (2007: $nil) accounting fees for accounting services provided by a company controlled by an officer of the Company. This amount is included in accounts payable as at March 31, 2008 (December 31, 2007: $10,820).

The Company rent office space from a company controlled by a director/officer of the Company. Included in accounts payable, is an amount due to this company of $nil (December 31, 2007 - $2,130) as at March 31, 2008. The Company paid rent of $5,377 (2007: $4,672) for the three months ended March 31, 2008.

The Company paid management fees of $nil (2007: $23,790) to a corporation controlled by a former officer of the Company for the three months ended March 31, 2008.

(Expressed in U.S. Dollars)

9. SHARE CAPITAL, WARRANTS AND STOCK OPTIONS

(a) Share Capital

The authorized capital consists of unlimited voting common shares without par value and 20,000,000 preferred shares. The preferred shares rank equally on winding up. The directors shall by resolution determine the rights and restrictions attaching to the preferred shares prior to their issuance. No preferred shares have been issued to date.

On January 17, 2008, the Company completed a $2,300,000 private placement consisting of 4.6 million common shares at $0.49 (C$0.50) each. The shares are subject to a four-month hold period, expiring May 18, 2008.

On October 24, 2007, the Company completed a non-brokered private equity placement of $298,636 (C$288,900) for 481,500 Units. Each Unit consists of one restricted common share in capital stock of the Company and one-half of one common share purchase warrant at a price of $0.59 (C$0.60) per Unit. The shares issued are subject to a hold period trading restriction that expired on February 28, 2008. The warrants can be exercised to purchase an additional 240,750 common shares at $0.79 (C$0.80) per share until April 24, 2008 and at $0.99 (C$1.00) per share thereafter until expiry on October 24, 2008. The Company paid $7,222 commission and $4,288 legal fees in relation to the private placement. The fair value of the 240,750 warrants was $33,705 and was estimated using the Black-Scholes option pricing model with assumptions as follows:

Risk free interest rate	4.18%
Expected life of the conversion feature in years	1.0 year
Expected volatility	96%
Dividend per share	$0.00

(b) Options

The Company has stock option plans that allow it to grant options to its employees, officers, directors and consultants to acquire up to 10% of issued and outstanding common stock. The exercise price of each option shall not be less than the weighted average closing price of the common shares on the TSX Venture Exchange on the last five trading days before the date of the grant. Options have a maximum term of five years and terminate thirty to ninety days following the termination of the optionee’s employment. The right to exercise the options will vest in installments over the life of the option as determined at the time the option is granted.

(Expressed in U.S. Dollars)

9. SHARE CAPITAL, WARRANTS AND STOCK OPTIONS - Continued

(b) Options - Continued

Changes in outstanding stock options were as follows:

	Number of Shares	Weighted Average Exercise Price Per Share (USD)	Weighted Average Exercise Price Per Share (CND)
Balance, December 31, 2006	3,174,000	0.95	0.92
Options granted	600,000	0.63	0.62
Options cancelled	(150,000)	0.94	0.92
Balance, December 31, 2007	3,624,000	0.89	0.87
Options granted	650,000	0.62	0.60
Options cancelled/expired	(1,250,000)	1.04	1.01
Balance, March 31, 2008	3,024,000	0.77	0.75

On February 21, 2008, the Company granted 650,000 common share purchase options to directors and employees. These options vested immediately and are exercisable at a price of C$0.60 per common share expiring February 21, 2013. The Company also cancelled 100,000 common share purchase options held by a former employee.

On October 26, 2007, the Company granted incentive stock options for 100,000 shares at a price of $0.69 (C$0.70) per share exercisable up to October 26, 2012 to an officer. The options vested immediately.

On August 20, 2007, the Company granted incentive stock options for 400,000 shares at a price of $0.59 (C$0.60) per share exercisable up to August 20, 2012 to directors and employees. All the options vested immediately.

On August 20, 2007, the Company granted incentive stock options for 100,000 shares at a price of $0.59 (C$0.60) per share exercisable up to August 20, 2008 to a consultant. 25% of the options vested on the date of grant and 25% of the options vest every three months thereafter for 9 months.

(Expressed in U.S. Dollars)

9. SHARE CAPITAL, WARRANTS AND STOCK OPTIONS - Continued

(b) Options - Continued

The following table summarizes the stock options outstanding at March 31, 2008:

Range of Exercise Prices (USD)	Range of Exercise Prices (CND)	Number Outstanding at March 31, 2008	Weighted Average Remaining Contractual Life (Years)	Number Exercisable at March 31, 2008
$ 0.51	$ 0.50	150,000	2.53	150,000
0.62	0.60	1,070,000	4.28	1,045,000
0.67	0.65	600,000	2.56	600,000
0.72	0.70	100,000	4.58	100,000
0.77	0.75	200,000	1.88	200,000
0.93	0.90	100,000	1.04	100,000
1.08	1.05	804,000	2.48	804,000
$0.51 - $1.08	$0.50 - $1.05	3,024,000	3.12	2,999,000

The following table summarizes the stock options outstanding at December 31, 2007:

Range of Exercise Prices (USD)	Range of Exercise Prices (CND)	Number Outstanding at December 31, 2007	Weighted Average Remaining Contractual Life (Years)	Number Exercisable at December 31, 2007
$ 0.49	$ 0.50	150,000	2.78	150,000
0.59	0.60	520,000	3.77	470,000
0.64	0.65	600,000	2.81	600,000
0.69	0.70	100,000	4.82	100,000
0.74	0.75	200,000	2.13	200,000
0.89	0.90	100,000	1.28	100,000
1.04	1.05	1,954,000	1.15	1,954,000
$0.49 - $1.04	$0.50 - $1.05	3,624,000	2.03	3,574,000

(Expressed in U.S. Dollars)

9. SHARE CAPITAL, WARRANTS AND STOCK OPTIONS - Continued

(b) Options - Continued

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with weighted average assumptions for grants as follows:

	Three months ended March 31, 2008	Year ended December 31, 2007
Risk free interest rate	3.43%	4.2% - 4.3%
Expected life of options in years	1 to 5 years	1 to 5 years
Expected volatility	75.97%	91.3% - 139.7%
Dividend per share	$0.00	$0.00

During the three months ended March 31, 2008, the weighted average grant date fair value of options granted during the period was $0.36 (C$0.36) (2007: $nil) and compensation expense of $234,881 (2007: $78,013) was recognized for options previously granted and vesting over time using the Black-Scholes option pricing model.

(c) Warrants

The following table summarized the status of the Company's share purchase warrants outstanding:

Number of warrants outstanding as at January 1, 2008	Issued during the period	Number of warrants expired/exercised during the period	Balance of warrants outstanding as at March 31, 2008	Exercised price per warrant (CND)	Exercised price per warrant (USD)	Expiry date
457,496	-	457,496	-	$ 0.72	$ 0.71	January 17, 2008
42,401	-	42,401	-	1.14	1.13	January 17, 2008
240,750	-	-	240,750	0.80	0.80	October 24, 2008
499,897	-	499,897	240,750			

(Expressed in U.S. Dollars)

9. SHARE CAPITAL, WARRANTS AND STOCK OPTIONS - Continued

(c) Warrants – Continued

Number of warrants outstanding as at January 1, 2007	Issued during the period	Number of warrants expired/exercised during the period	Balance of warrants outstanding as at December 31, 2007	Exercised price per warrant (CND)	Exercised price per warrant (USD)	Expiry date
457,496	-	-	457,496	$ 0.72	$ 0.71	January 17, 2008
42,401	-	-	42,401	1.14	1.13	January 17, 2008
	240,750	-	240,750	0.80	0.79	October 24, 2008
499,897	-	-	740,647			

[i] Warrants granted on January 17, 2005 which has an expiry date of January 17, 2007 have been extended for another year to January 18, 2008. These warrants were expired on January 17, 2008.

[ii] The exercise price of the warrants granted on October 24, 2007 will be increased to $0.99 (C$1.00) if they are not exercised on or before April 24, 2008.

10. SEGMENTED INFORMATION

The Company has two reporting business segments, Book Selling and Internet Portal, with two reportable geographic segments located in Canada and China. The business segments have been segregated based on products offerings, reflecting the way that management organizes the segments within the business for making operating decisions and assessing performance.

The accounting policies of the segments are the same as those described in the significant accounting plicies note. There were no inter-segment sales or transfers during the reported periods.

(Expressed in U.S. Dollars)

10. SEGMENTED INFORMATION - Continued

(i) Geographic Information

The Company's head office is located in Vancouver, British Columbia, Canada. The operations of the Company are primarily in two geographic areas: Canada and China. All of the Company's revenue is generated in China. All goodwill and majority of all of the capital assets are located in China. A summary of geographical information for the Company's assets and net loss for the years is as follows:

Three months ended March 31, 2008	**Canada**	**China**	**Total**
Revenue from external customers	$ -	$ 112,615	$ 112,615
Equipment and website development costs	1,714	2,287,185	2,288,899
Goodwill	-	2,998,875	2,998,875

Three months ended March 31, 2007	**Canada**	**China**	**Total**
Revenue from external customers	$ -	$ 286,234	$ 286,234
Equipment and website development costs	4,841	3,613,804	3,618,645
Goodwill	-	2,802,128	2,802,128

(Expressed in U.S. Dollars)

10. SEGMENTED INFORMATION - Continued

(ii) Business Segments

The Company's operations are classified into two reportable business segments: Book Selling and Internet Portal.

Summarized financial information for the three months ended Mrach 31, 2008 and 2007 concerning the Company's business segments is as follows:

Three months ended March 31, 2008	Book Selling	Internet Portal	Corporate	Total
Revenue from external customers	$ 92,457	$ 20,158	$ -	$ 112,615
Interest revenue	415	90	6,955	7,460
Interest expense	-	-	675	675
Amortization	56,098	224,391	7,782	288,271
Segment loss	(90,117)	(377,662)	(420,283)	(888,062)
Segment asssets	228,177	5,900,391	2,432,700	8,561,268
Expenditure for segment capital assets	-	1,250	-	1,250

Three months ended March 31, 2007	Book Selling	Internet Portal	Corporate	Total
Revenue from external customers	$ 286,234	$ -	$ -	$ 286,234
Interest revenue	742	-	13,077	13,819
Interest expense	111	443	52	606
Amortization of capital assets	6,353	25,413	7,550	39,316
Segment loss	(15,013)	(255,840)	(164,617)	(435,470)
Segment asssets	440,502	7,666,694	1,526,035	9,633,231
Expenditure for segment capital assets	-	524,841	-	524,841

(Expressed in U.S. Dollars)

11. COMMITMENTS

The Company has commitments in respect of office and warehouse leases in China requiring the following payments:

2008	$	98,321
2009		121,488
2010		121,488
2011		121,488
2012		111,364
Total	$	574,147

TTTC entered into an agreement with a Chinese government agency to reference its name in the Company's internet training website, whereby the Company agreed to pay $164,300 (RMB1,200,000) per year until 2009 and $68,500 (RMB500,000) in 2010.

According to the terms of agreement dated September 30, 2006, the aggregate purchase price for acquiring an additional 13% interest in TTTC was $99,788 [RMB 790,000]. Cash is payable over four years with $25,263 [RMB 200,000] paid in March 2007, $25,263 [RMB 200,000] is due on or before December 31, 2007 (unpaid as at May 30, 2008), $25,262 [RMB 200,000] due on or before December 31, 2008 and $24,000 [RMB190,000] due on or before December 31, 2009.