



**CHINA EDUCATION ALLIANCE, INC.**

**NYSE: CEU**

**March 2010**

# Safe Harbor Statement



This presentation contains certain statements that may include "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact included herein are "forward-looking statements" including statements regarding the Company and its subsidiary companies' business strategy, plans and objectives. These forward looking statements are often identified by the use of forward-looking terminology such as "believes," "expects" or similar expressions, involve known and unknown risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Investors should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in Company's registration statement filed with and available from the Securities and Exchange Commission. All forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these factors. Other than as required under the securities laws, the Company does not assume a duty to update these forward-looking statements.

# Company Overview



**China Education Alliance, Inc. is a leading educational service company offering high-quality online education materials, vocational training services and on-site teaching services in the PRC.**

- We distribute online test preparation materials, teaching materials, study guides, audio recordings, and provide vocational skills and certification training.
- Founded in 1996; Completed reverse merger in 2004; Listed on OTCBB in May 2004; Listed on NYSE AMEX in July 2009, and on NYSE in January 2010.

## **Exam Preparation**

- On-line education services serving students ages 6-18
- On-Site Tutoring Services

## **Vocational Training**

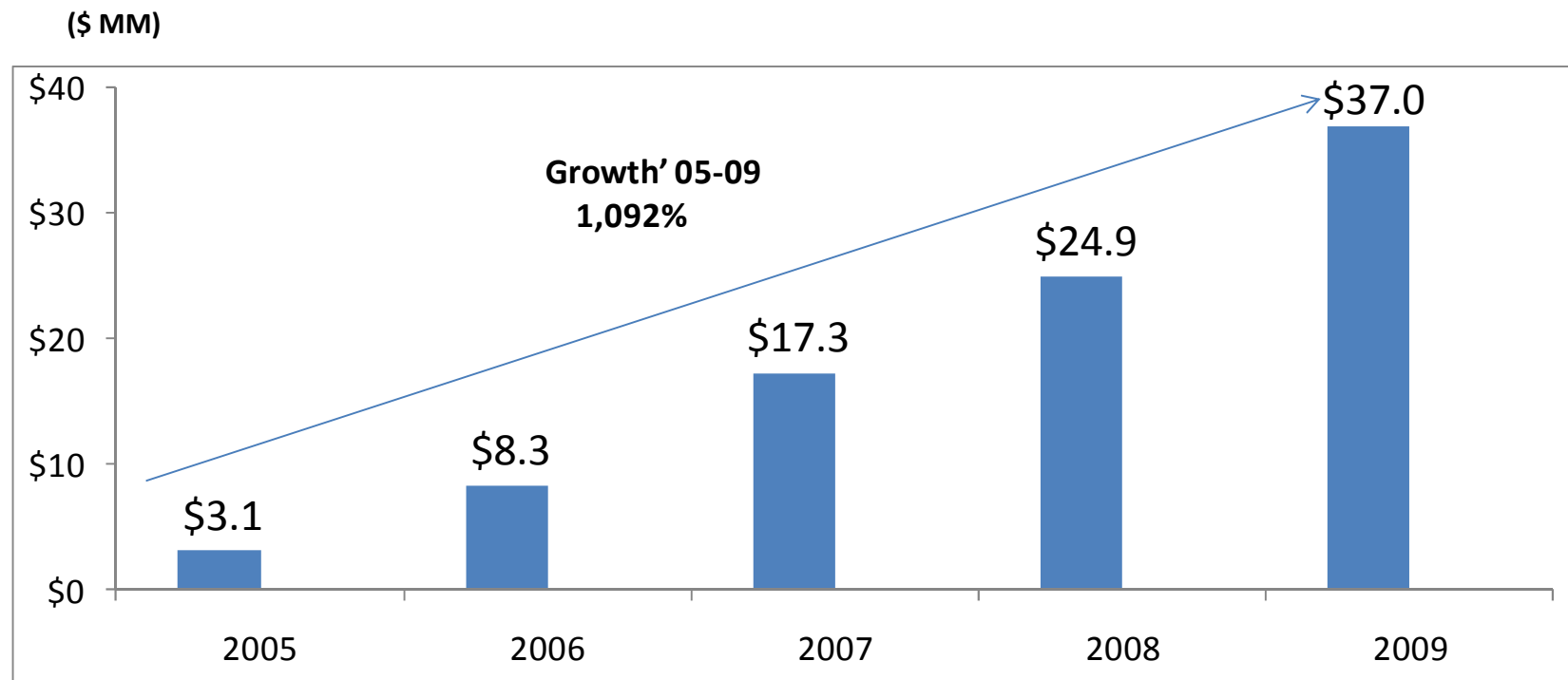
- Vocational Training serving adults ages 18 and over - IT training
- Business Management Training
- Pre-employment Training for college students

# Experienced Management

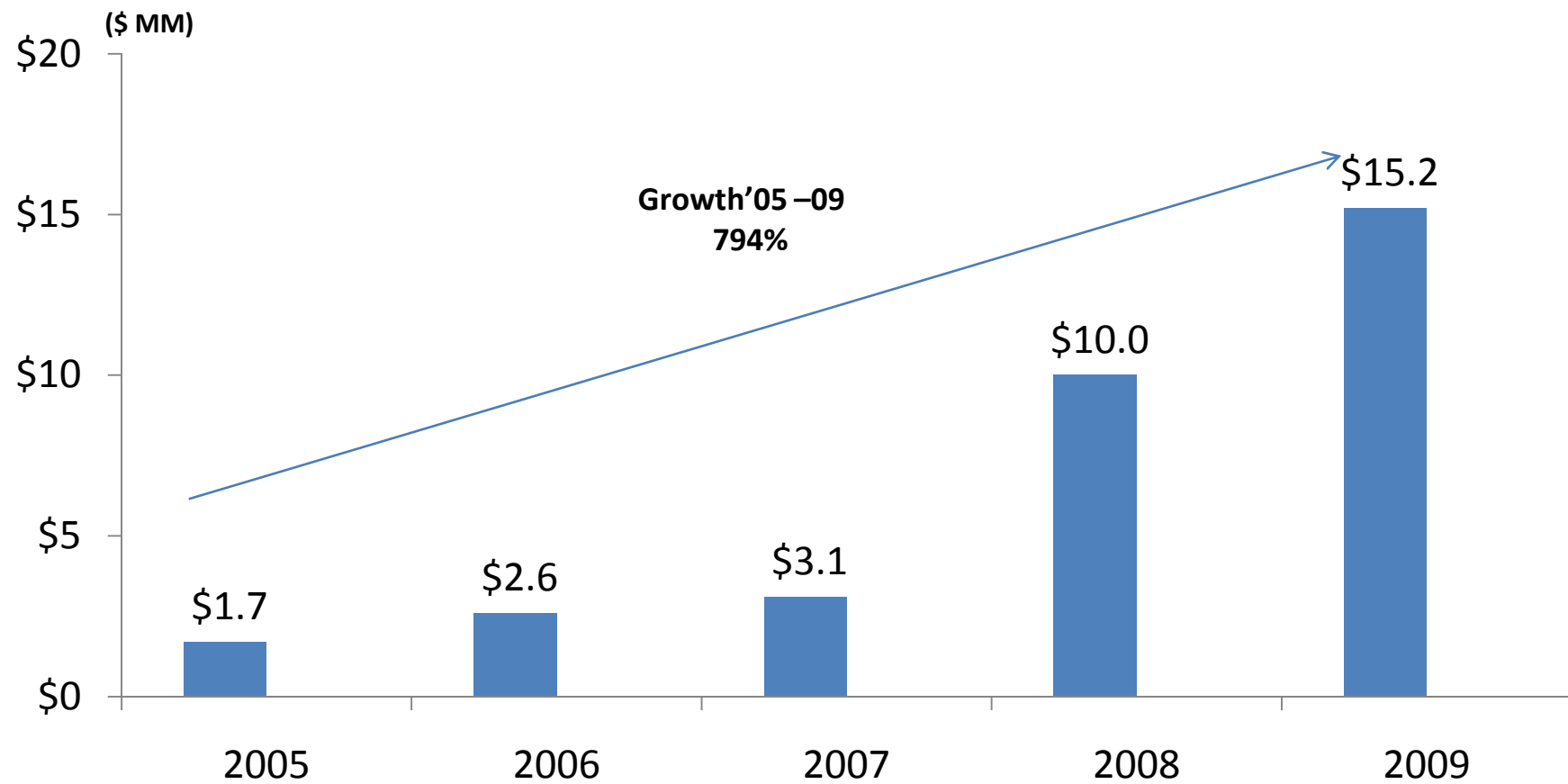


- **Xiqun Yu – Founder, Chairman of the Board, President, Chief Executive Officer**
  - 17 years of senior management experience of several China based enterprises
  - Specialized in marketing, designing, financial control, strategic management, and integrated communication, especially focused on IT, on-line education areas
  - Director of China Network Association
  - Graduated with Business Administration from Harbin University of Science and Technology
- **Zack Pan– Chief Financial Officer, CPA**
  - Over ten years experience in accounting, economic/statistical analysis, bank loan projects
  - Previously an audit manager with Eide Bailly CPAs and Business Advisors; Currently a member of American Institute of Certified Public Accountant (AICPA), and Oklahoma Society of Certified Public Accountant (OSCPA)
  - Five years experience in education – was a university professor in China
  - Graduated with Master of Business Admin (MBA) from University of Central Oklahoma
- **Yizhao Zhang – Independent Director, Audit Committee Chairman**
  - Chief Financial Officer of Universal Travel Group
  - Certified Public Accountant, member of American Institute of Certified Public Accountant (AICPA)
  - Graduated from the State University of New York
- **James Hsu – Independent Director**
  - President of Global Education Initiatives, Inc.
  - Graduated with M.A in Management Science from Yale University; Ph.D. in Industrial and Operations Engineering from the University of Michigan

## Robust Revenue Growth



## Strong Net Income Growth



## Balance Sheet Summary

	For year ended December 31		
	2009	2008	2007
<b>Cash</b>	<b>\$65,035,332</b>	<b>\$23,418,098</b>	<b>\$11,778,954</b>
<b>Current Assets</b>	<b>69,002,369</b>	<b>27,467,217</b>	<b>13,500,269</b>
<b>Total Assets</b>	<b>77,603,798</b>	<b>35,741,915</b>	<b>20,310,653</b>
<b>Current Liabilities</b>	<b>2,264,875</b>	<b>2,028,498</b>	<b>1,668,616</b>
<b>Total Stockholders Equity</b>	<b>75,338,923</b>	<b>33,713,417</b>	<b>18,624,037</b>

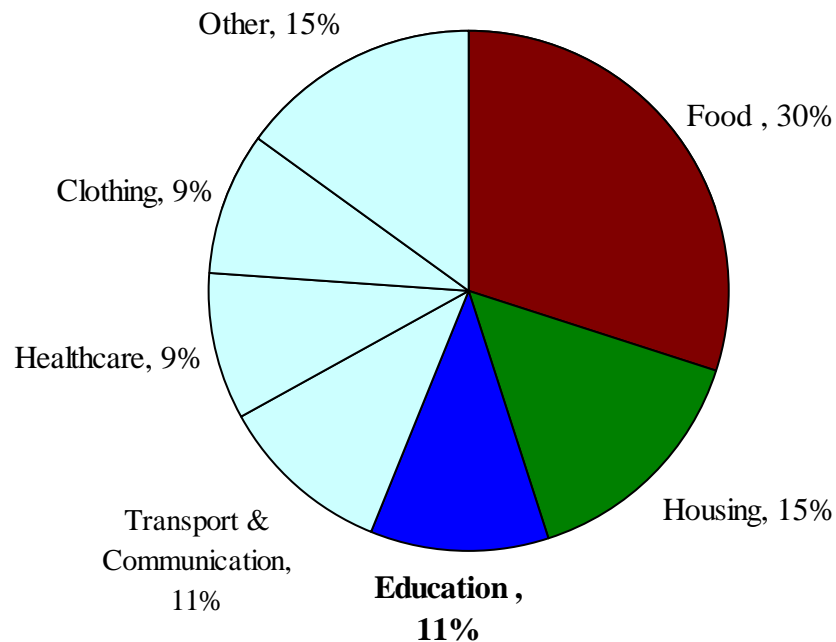
## Outstanding Cash Flow

- Strong cash balance of \$65.0M.
- Robust cash ratio (cash/liabilities) of 28.7
- Operating cash flow of \$18.6M, a year-over-year increase of 90.2%.
- Operating cash flow positive since inception (2005 – present)
- Strong cash balance provides CEU with stability and the means to grow the business in the future.

# Education: Booming Industry in China



## Total Consumer Spending



Source: Wall Street Research.

- Booming industry in China: Education is a 3rd largest consumer spending category
- Approximately 150 million student ages 6-18 nationwide, \$15 billion market
- The number of graduates at all levels of higher education in China has approximately quadrupled in the last 6 years
- Uneven distribution of educational resources results in highly competitive environment
- Priority for Central government: overall Government Spending in 2010 will be 4 percent of GDP, up from 2.8 percent of GDP in 2006

**Educational Spending is a Priority in China**

## Why Invest in China's Education Sector?

- China On-line population will be the largest in the world by 2012 with 492 million internet users
- One-Child Policy means more resources for parents to dedicate to education
- Fast growing upper-middle class with resources to put towards education
- Mandatory annual testing for education progression with preparation starting at age six
- Due to uneven distribution of resources, parents and students seek outside access to elite teachers notes and instruction via Internet

## Exam Preparation Training for students ages 6-18

- Approximately 150 million student ages 6-18 nationwide, \$15 billion market
- Courses include Math, Science, Social Studies, Geography  
History, Physics, Chemistry, Biology, English, Chinese
- Face-to-face tutoring services in 36,000 sq ft building with 80 modern classrooms, capacity for 3,200 students
- Highly regarded instructors provide one-on-one tutoring services
- Over 350,000 sets of exam-oriented testing papers and courseware for middle and senior high school
- Rechargeable prepaid Student Learning Card for easy access to downloadable materials and online classrooms

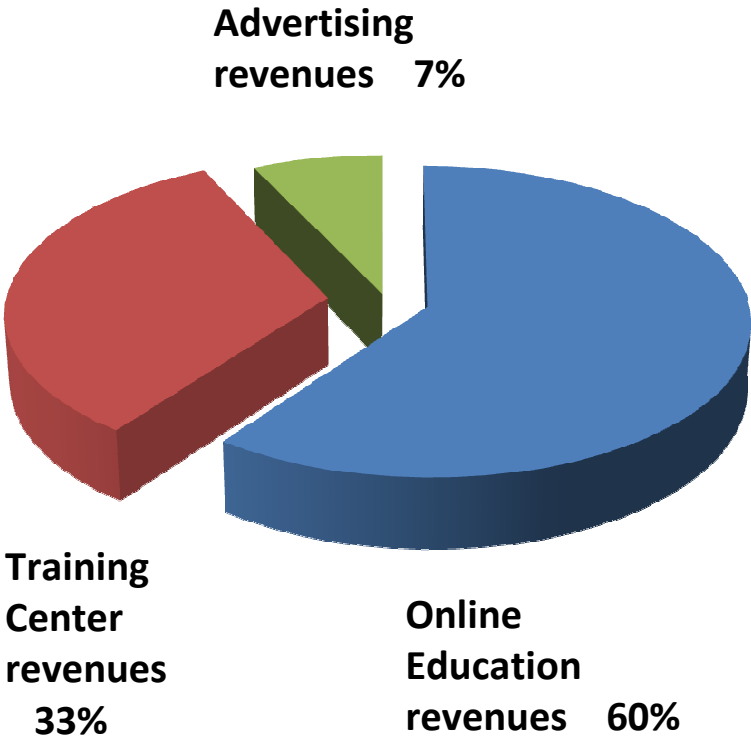
## Vocational Training

- Vocational training —15-20% of business:
  - IT Training
  - Pre-Employment Training for College Students
  - Management Training for Chinese Corporations
  
- Partnership and Alliances
  - Partnership with National Association of Vocational Education (NAVEC), China's most authoritative vocational entity
  - Operate NAVEC's Education Examination Center: 35,000 experts and instructors
  - Provide online education resources through [www.360ve.com](http://www.360ve.com) (NAVEC)

# Products and Services



Products and Services	USD Revenues Year Ended 12/31/09
Online material and education (6-18)	\$22,238,325
Training Center	12,097,375
Advertising	2,631,783
<b>Total</b>	<b>\$36,967,483</b>

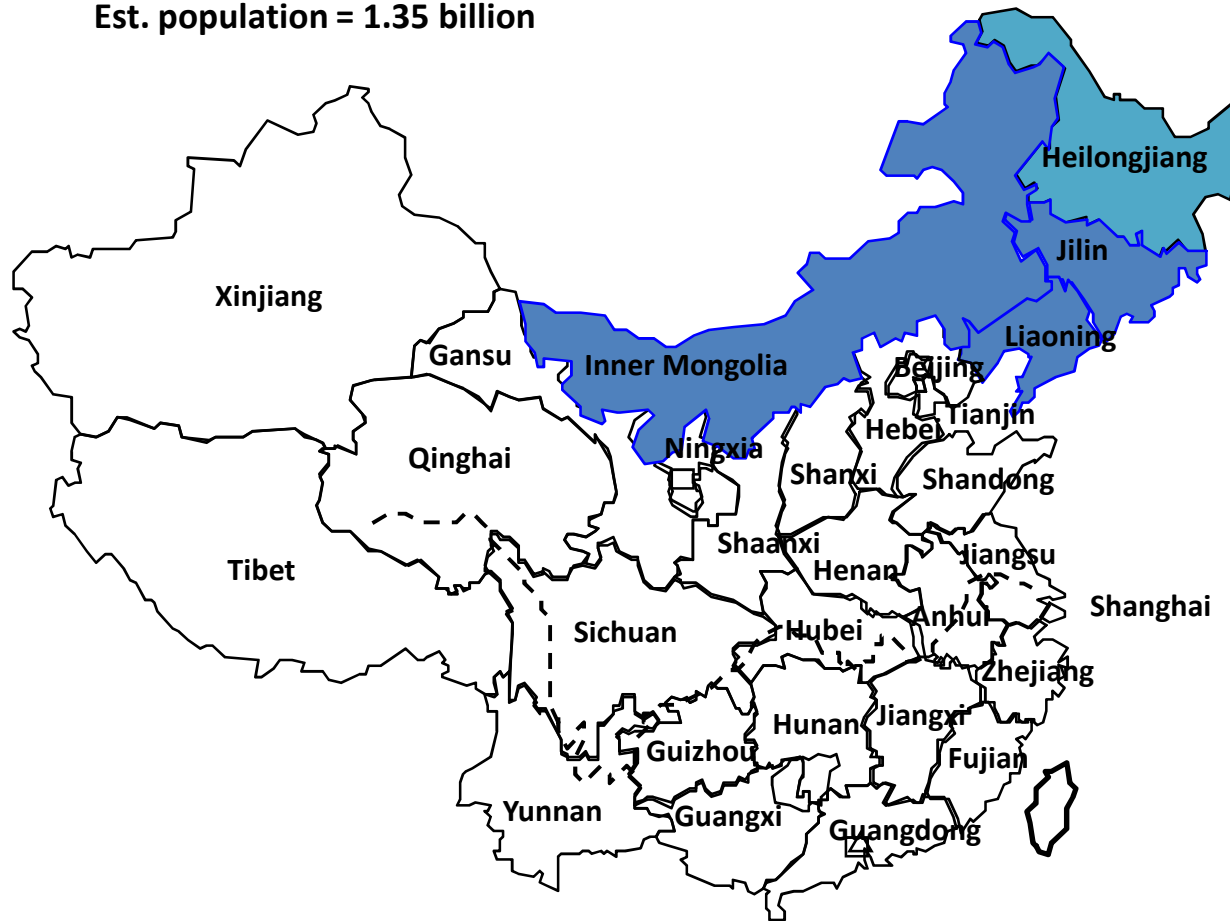


- Expand core on-line business model to reach underpenetrated markets
  - Broaden on-line product offerings to other provinces
- Expand on-site tutoring business to supplement online education business
  - Establish new tutoring sites in new markets
  - Target acquisitions to grow on-site tutoring business geographically
- Grow NAVEC vocational education business
  - Expand vocational skill exam and training services through acquisitions
- Establish employment database and offer pre-employment training programs
- Increase CEU visibility through marketing and advertising



## China

Est. population = 1.35 billion



## Geographical Coverage

- Provides on-line education and on-site tutoring in Heilongjiang Province, Jilin, Liaoning, Inner Mongolia
- Vocational training - nationwide

# Value Proposition



- ✓ **Large and growing market**
- ✓ **Diversified portfolio of products and Key partnerships**
- ✓ **Strong financial performance and impressive margins**
- ✓ **Experienced management team with proven track record**
- ✓ **Trading at a significant discount compared to both China and U.S. comparables**

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