



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Mail Stop 3720

October 12, 2007

Mr. Xiqun Yu  
Chief Executive Officer  
China Education Alliance, Inc.  
58 Heng Shan Road, Kun Lun Shopping Mall  
Harbin, The People's Republic of China 150090

**Re: China Education Alliance, Inc.**  
**Form SB-2**  
**Filed September 13, 2007**  
**File No. 333-146023**

Dear Mr. Yu:

We have limited our review of your filing to those issues we have addressed in our comments. Where indicated, we think you should revise your document in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure. After reviewing this information, we may raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

General

1. We note that you are registering the sale of 17,389,500 shares of common stock. Given the size relative to the number of shares outstanding held by non-affiliates, the nature of the offering and the selling security holders, the transaction appears to be a primary offering. Because you are not eligible to conduct a primary offering on Form S-3, you are not eligible to conduct a primary at-the-market offering under Rule 415(a)(4).

If you disagree with our analysis, please advise the staff of your basis for determining that the transaction is appropriately characterized as a transaction that is eligible to be made under Rule 415(a)(1)(i). In your analysis, please address the following among any other relevant factors:

- The number of selling shareholders and the percentage of the overall offering made by each shareholder;
  - The date on which and the manner in which each selling shareholder received the shares and/or the overlying securities;
  - The relationship of each selling shareholder with you, including an analysis of whether the selling shareholder is your affiliate;
  - Any relationships among the selling shareholders;
  - The dollar value of the shares registered in relation to the proceeds that you received from the selling shareholders for the securities, excluding amounts of proceeds that were returned (or will be returned) to the selling shareholders and/or their affiliates in fees or other payments;
  - The discount at which the shareholders will purchase the common stock underlying the convertible notes/series A preferred stock or warrants (or any related security, such as an option) upon conversion or exercise; and
  - Whether or not any of the selling shareholders is in the business of buying and selling securities.
2. We note according to the definitive proxy statement you filed on September 4, 2007 that you held a special meeting of shareholders on September 27, 2007 in order to vote on an amendment to your articles of incorporation that included the creation of a series of preferred stock and a one-for-three reverse stock split. Additionally, we note on page 17 of the registration statement that the convertible notes automatically convert depending on whether the articles of incorporation are amended and a certificate of designation is properly filed. In light of these recent events, please revise your disclosure throughout the prospectus to incorporate the result of this special shareholders' meeting, including whether the notes automatically converted into shares of Series A preferred stock and warrants.

Prospectus Summary, page 3

3. Revise to disclose that the number of shares being registered represents \_\_\_% of your shares currently outstanding and \_\_\_% of your shares held by persons other

than the selling shareholders, affiliates of the company or affiliates of the selling shareholders as of a recent date.

4. Disclose the total dollar value of the securities underlying the convertible notes/series A preferred stock and warrants that you have registered for resale (using the number of underlying securities that you have registered for resale and the market price per share for those securities on the date of the sale of the convertible notes/series A preferred stock and warrants and as of a more current date).
5. Disclose the conversion prices of the convertible notes and the series A preferred stock.

Selling Stockholders, page 16

6. We note in the selling shareholders table on page 16 that you have not included the amount and percentage of the class owned by the selling shareholders after the offering is complete. In this regard, we note you disclose in footnote one on page five that the amount of securities registered for resale does not include 5,342,793 shares of common stock underlying warrants held by the selling shareholders. Additionally, we note that you are not registering for resale 2,833,333 shares held in escrow that will be distributed to the selling shareholders or the company depending on the company's "pre-tax income per share" for 2007. Please revise this table to account for the selling shareholders' ownership of 5,342,793 after the offering is complete, as well as footnote disclosure of the selling shareholders' interest in the 2,833,333 shares held in escrow.
7. We note in the third and fourth bulleted paragraphs on page 20 that certain liquidated damages provisions are triggered in the event that you have not satisfied certain corporate governance requirements (i.e., appointed independent directors) and registration timeline requirements. Please revise to disclose whether these covenants have been breached. If so, please disclose all payments that have been made or that may be required to be made by the company. Also clarify whether or not the company is registering shares issuable as payment of liquidated damages.
8. Please provide tabular disclosure of the dollar amount of each payment (including the value of any payments to be made in common stock) in connection with the transaction that you have made or may be required to make to any selling shareholder, any affiliate of a selling shareholder, or any person with whom any selling shareholder has a contractual relationship regarding the transaction (including interest payments, liquidated damages, payments made to "finders" or "placement agents," and any other payments or potential payments). Please provide footnote disclosure of the terms of each such payment.

Further, please provide disclosure of the net proceeds to the issuer from the sale of the convertible notes/series A preferred stock and warrants and the total possible payments to all selling shareholders and any of their affiliates in the first year following the sale of convertible notes/series A preferred stock and warrants based upon the current market price of the issuer's stock.

9. Please disclose the total possible profit the selling shareholders could realize as a result of any conversion or exercise discount for the securities underlying the convertible notes/series A preferred stock and warrants, presented in a table with the following information disclosed in separate columns or rows:
- the market price per share of the securities underlying the convertible notes/series A preferred stock and warrants based upon the current market price of the issuer's stock;
  - the conversion/exercise price per share of the convertible notes/series A preferred stock and warrants;
  - the total possible shares underlying the convertible notes/series A preferred stock and warrants (assuming all dividend payments are paid in shares and complete conversion throughout the term of both the convertible notes/series A preferred stock and warrants);
  - the combined market price of the total number of shares underlying the convertible notes/series A preferred stock and warrants, calculated by using the current market price per share and the total possible shares underlying the convertible notes/series A preferred stock and warrants;
  - the total possible shares the selling shareholders may receive and the combined conversion price of the total number of shares underlying the convertible notes/series A preferred stock and warrants calculated by using the conversion/exercise price of the convertible notes/series A preferred stock and warrants and the total possible number of shares the selling shareholders may receive; and
  - the total possible discount to the market price as of the date of the sale of the convertible notes/series A preferred stock and warrants, calculated by subtracting the total conversion/exercise price of the convertible notes/series A preferred stock and warrants from the combined market price of the total number of shares underlying the convertible notes/series A preferred stock and warrants.

If there are provisions in the convertible notes/series A preferred stock and warrants that could result in further change in the price per share upon the occurrence of certain events, please provide additional tabular disclosure as

appropriate. For example, we note on page 18 that the exercise prices of the warrants are subject to adjustment in the event the company's fiscal year 2007 "pre-tax income per share" is less than \$0.06647.

10. If applicable, please disclose the total possible profit to be realized as a result of any conversion discounts for securities underlying any other warrants, options, notes, or other company securities that are held by the selling shareholders or any affiliates of the selling shareholders, presented in a table with the following information disclosed in separate columns or rows:
- market price per share of the underlying securities on the date of the sale of that other security;
  - the conversion/exercise price per share as of the date of the sale of that other security, calculated as follows:
    - if the conversion/exercise price per share is set at a fixed price, use the price per share on the date of the sale of that other security; and
    - if the conversion/exercise price per share is not set at a fixed price and, instead, is set at a floating rate in relationship to the market price of the underlying security, use the conversion/exercise discount rate and the market rate per share on the date of the sale of that other security and determine the conversion price per share as of that date;
  - the total possible shares to be received under the particular securities (assuming complete conversion/exercise);
  - the combined market price of the total number of underlying shares, calculated by using the market price per share on the date of the sale of that other security and the total possible shares to be received;
  - the total possible shares to be received and the combined conversion price of the total number of shares underlying that other security calculated by using the conversion price on the date of the sale of that other security and the total possible number of underlying shares; and
  - the total possible discount to the market price as of the date of the sale of that other security, calculated by subtracting the total conversion/exercise price on the date of the sale of that other security from the combined market price of the total number of underlying shares on that date.
11. Please provide tabular disclosure of:

- the gross proceeds paid or payable to the issuer in both the convertible notes/series A preferred stock and warrants transactions;
- all payments that have been made or that may be required to be made by the issuer that are disclosed in response to comment 8;
- the resulting net proceeds to the issuers; and
- the combined total possible profit to be realized as a result of any conversion/exercise discounts regarding the securities underlying the convertible notes/series A preferred stock and any other warrants, options, notes, or other securities of the issuer that are held by the selling shareholders or any affiliates of the selling shareholders that is disclosed in response to comment 9 and comment 10.

Further, please provide disclosure – as a percentage – of the total amount of all possible payments as disclosed in response to comment 8 and the total possible discount to the market price of the shares underlying the convertible notes/series A preferred stock and warrants as disclosed in response to comment 9 divided by the net proceeds to the issuer from the sale of the convertible notes/series A preferred stock and warrants.

12. Disclose in a table all prior securities transactions between you (or any of your predecessors) and the selling shareholders, any affiliates of the selling shareholders, or any person with whom any selling shareholder has a contractual relationship regarding the transaction (or any predecessors of those persons), with the table including the following information disclosed separately for each transaction:

- the date of the transaction;
- the number of shares of the class of securities subject to the transaction that were outstanding prior to the transaction;
- the number of shares of the class of securities subject to the transaction that were outstanding prior to the transaction and held by persons other than the selling shareholders, affiliates of the company, or affiliates of the selling shareholders;
- the number of shares of the class of securities subject to the transaction that were issued or issuable in connection with the transaction;
- the percentage of total issued and outstanding securities that were issued or issuable in the transaction (assuming full issuance), with the percentage calculated by taking the number of shares issued or issuable in connection with the applicable transaction, and dividing that number by the number of

shares issued and outstanding prior to the applicable transaction and held by persons other than the selling shareholders, affiliates of the company, or affiliates of the selling shareholders;

- the market price per share of the class of securities subject to the transaction immediately prior to the transaction (reverse split-adjusted, if necessary); and
- the current market price per share of the class of securities subject to the transaction (reverse split-adjusted, if necessary).

13. Please provide tabular disclosure comparing:

- the number of shares outstanding prior to the convertible notes/series A preferred stock and warrants transactions that are held by persons other than the selling shareholders, affiliates of the company, and affiliates of the selling shareholders;
- the number of shares registered for resale by the selling shareholders or affiliates of the selling shareholders in prior registration statements;
- the number of shares registered for resale by the selling shareholders or affiliates of the selling shareholders that continue to be held by the selling shareholders or affiliates of the selling shareholders;
- the number of shares that have been sold in registered resale transactions by the selling shareholders or affiliates of the selling shareholders; and
- the number of shares registered for resale on behalf of the selling shareholders or affiliates of the selling shareholders in the current transaction.

In this analysis, the calculation of the number of outstanding shares should not include any securities underlying any outstanding convertible securities, options, or warrants.

14. Disclose whether – based on information obtained from the selling shareholders – any of the selling shareholders have an existing short position in your common stock and, if any of the selling shareholders have an existing short position in your stock, the following additional information:

- the date on which each such selling shareholder entered into that short position; and
- the relationship of the date on which each such selling shareholder entered into that short position to the date of the announcement of the convertible

notes/series A preferred stock and warrants and the filing of the registration statement (e.g., before or after the announcement of the convertible notes/series A preferred stock and warrants, before the filing or after the filing of the registration statement, etc.).

15. Provide the following information:

- a materially complete description of the relationships and arrangements that have existed in the past three years or are to be performed in the future between you (or any of your predecessors) and the selling shareholders, any affiliates of the selling shareholders, or any person with whom any selling shareholder has a contractual relationship regarding the transaction (or any predecessors of those persons) – the information provided should include, in reasonable detail, a complete description of the rights and obligations of the parties in connection with the sale of the convertible notes/series A preferred stock and warrants; and
- copies of all agreements between you (or any of your predecessors) and the selling shareholders, any affiliates of the selling shareholders, or any person with whom any selling shareholder has a contractual relationship regarding the transaction (or any predecessors of those persons) in connection with the sale of the convertible notes/series A preferred stock and warrants.

If it is your view that such a description of the relationships and arrangements between and among those parties already is presented in the prospectus and that all agreements between and/or among those parties are included as exhibits to the registration statement, please provide us with confirmation of your view in this regard.

16. Please revise to include a description of the method by which the company determined the number of shares it seeks to register in connection with this registration statement.

Management's Discussion and Analysis of Financial Condition and Results of Operations, page 24

Liquidity and Capital Resources, page 32

17. The discussion in the last paragraph of this section addresses the possibility that you may require additional funding to expand your business. Please revise to discuss any potential restrictions on your ability to obtain additional financing, such as the debt limitation provision set forth in the Securities Purchase Agreement between the company and the selling shareholders.



Management, page 39

Remuneration, page 41

18. Please revise to include executive compensation disclosure for the fiscal year ended December 31, 2006, in compliance with recently-amended Item 402 of Regulation S-B. For example, revise the summary compensation table to comply with Item 402(b) of Regulation S-B. In this regard, we note that the table does not include a column for the dollar value of total compensation pursuant to Item 402(b)(2)(x) of Regulation S-B. Also provide a narrative description of any material factors necessary to understand the information disclosed in the summary compensation table. See Item 402(c) of Regulation S-B.

Principal Stockholders, page 42

19. Our records indicate that the company's directors, executive officers and persons who beneficially own in excess of 5% of the outstanding common stock have not filed beneficial ownership reports under Section 13(d) of the Exchange Act since effectiveness of the company's registration statement on Form 10-SB. Similarly, we note that none of the officers and directors has filed reports under Section 16(a) of the Exchange Act. While the staff recognizes that counsel for the company does not represent the company's directors, executive officers and beneficial owners, please advise them to file all reports under Sections 13(d) and 16(a) immediately. Also have the parties provide written confirmation of their understanding that the filing of reports under Sections 13(d) and 16(a) at this late date does not and cannot cure past violations, and the filing does not foreclose the Commission from taking any action in the future.

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As appropriate, please amend your registration statement in response to these comments. You may wish to provide us with marked copies of the amendment to expedite our review. Please furnish a cover letter with your amendment that keys your responses to our comments and provides any requested information. Detailed cover letters greatly facilitate our review. Please understand that we may have additional comments after reviewing your amendment and responses to our comments.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes all information required under the Securities Act of 1933 and that they have provided all information investors require for an informed investment decision. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

Notwithstanding our comments, in the event the company requests acceleration of the effective date of the pending registration statement, it should furnish a letter, at the time of such request, acknowledging that:

- should the Commission or the staff, acting pursuant to delegated authority, declare the filing effective, it does not foreclose the Commission from taking any action with respect to the filing;
- the action of the Commission or the staff, acting pursuant to delegated authority, in declaring the filing effective, does not relieve the company from its full responsibility for the adequacy and accuracy of the disclosure in the filing; and
- the company may not assert staff comments and the declaration of effectiveness as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

In addition, please be advised that the Division of Enforcement has access to all information you provide to the staff of the Division of Corporation Finance in our review of your filing or in response to our comments on your filing.

We will consider a written request for acceleration of the effective date of the registration statement as confirmation of the fact that those requesting acceleration are aware of their respective responsibilities under the Securities Act of 1933 and the Securities Exchange Act of 1934 as they relate to the proposed public offering of the securities specified in the above registration statement. We will act on the request and, pursuant to delegated authority, grant acceleration of the effective date.

We direct your attention to Rules 460 and 461 regarding requesting acceleration of a registration statement. Please allow adequate time after the filing of any amendment for further review before submitting a request for acceleration. Please provide this request at least two business days in advance of the requested effective date.

You may contact Jay Knight, Staff Attorney, at (202) 551-3370 or me at (202) 551-3810 with any questions.

Sincerely,

/s/ Michele Anderson

Michele Anderson  
Legal Branch Chief

cc: Asher S. Levitsky P.C. (via facsimile at (212) 930-9725)  
Sichenzia Ross Friedman Ference LLP