

CHINA EDUCATION ALLIANCE INC.
Form PRER14A
August 02, 2011

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

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

(Amendment No.1)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

- x Preliminary Proxy Statement
- o Confidential, for the use of the Commission only (as permitted by Rule 14a-6(e)(2))
- o Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

CHINA EDUCATION ALLIANCE, INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- | | |
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| (1) | Title of each class of securities to which transaction applies: |
| (2) | Aggregate number of securities to which transaction applies: |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
| (4) | Proposed maximum aggregate value of transaction: |
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- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

[], 2011

Dear Stockholder:

On behalf of the board of directors of China Education Alliance, Inc. (the “Company” or “we”), I invite you to attend our 2011 Annual Meeting of Stockholders (the “Annual Meeting”). We hope you can join us. The Annual Meeting will be held:

At: China Education Alliance, Inc.
6/F Middle Tower, China Overseas Plaza
No.8 Guanghua Dong Li, Chaoyang District
Beijing 100020, P.R.C.

On: September 18, 2011

Time: 10:00 a.m. local time

The Notice of Annual Meeting of Stockholders, the Proxy Statement, the proxy card, our 2010 Annual Report and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 (“Quarterly Report”) accompany this letter.

At the Annual Meeting, we will report on important activities and accomplishments of the Company and review the Company’s financial performance and business operations. You will have an opportunity to ask questions and gain an up-to-date perspective on the Company and its activities, and to meet certain directors and key executives of the Company.

As discussed in the enclosed Proxy Statement, the Annual Meeting will also be devoted to the election of three directors to serve as Class I directors until the 2013 Annual Meeting or until their respective successor have been duly elected and qualified, the ratification of the 2011 Incentive Stock Plan, the approval and ratification of the unanimous resolution of the Board of Directors on dated July 29, 2011 to effect a three-to-one reverse stock split of the Company’s issued and outstanding shares and its attendant Articles of Amendment, the ratification of the appointment of Sherb & Co., LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011, to conduct an advisory vote on executive compensation, to conduct an advisory vote on the frequency of future advisory votes on executive compensation and consideration of any other business matters properly brought before the Annual Meeting.

We know that many of our stockholders will be unable to attend the Annual Meeting. We are soliciting proxies so that each stockholder has an opportunity to vote on all matters that are scheduled to come before the stockholders at the Annual Meeting. Whether or not you plan to attend, please take the time now to read the Proxy Statement and vote by submitting by mail a paper copy of your proxy or voter instructions card, so that your shares are represented at the meeting. You may also revoke your proxy or voter instructions at any time prior to the Annual Meeting. Regardless of the number of Company shares you own, your presence in person or by proxy is important for quorum purposes and your vote is important for proper corporate action.

Thank you for your continuing interest in China Education Alliance, Inc. We look forward to seeing you at the Annual Meeting.

If you have any questions about the Proxy Statement, please contact us at China Education Alliance, Inc., 58 Heng Shan Road, Kun Lun Shopping Mall, Harbin, People’s Republic of China, 150090.

Sincerely,

/s/ Xiqun Yu

Xiqun Yu
President and Chief Executive
Officer

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CHINA EDUCATION ALLIANCE, INC.
58 HENG SHAN ROAD
KUN LUN SHOPPING MALL
HARBIN, PEOPLE'S REPUBLIC OF CHINA 150090

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON SEPTEMBER 18, 2011

To the Stockholders of CHINA EDUCATION ALLIANCE, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of CHINA EDUCATION ALLIANCE, INC. (the "Company"), a North Carolina corporation, will be held at China Education Alliance, Inc., 6/F Middle Tower, China Overseas Plaza No.8 Guanghua Dong Li, Chaoyang District, Beijing 100020, P.R.C. on September 18, 2011 at 10:00 a.m. local time, for the following purposes:

1. To elect three directors as Class I directors to serve until the 2013 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified, or until such director's earlier resignation, removal or death;
2. To approve and ratify the unanimous resolution of the Board of Directors on July 29, 2011 to effect a three-to-one reverse stock split of the Company's issued and outstanding shares and its attendant Articles of Amendment;
3. To ratify and approve the 2011 Incentive Stock Plan which has been approved by the Board of Directors;
4. To ratify the appointment of Sherb & Co., LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2011;
5. To conduct an advisory vote on executive compensation;
6. To conduct an advisory vote on the frequency of future advisory votes on executive compensation; and
7. To act on such other matters as may properly come before the meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed the close of business on August 11, 2011 as the record date for the meeting and only holders of shares of record at that time will be entitled to notice of and to vote at the Annual Meeting of Stockholders or any adjournment or adjournments thereof.

By Order of the Board of Directors.
/s/ Xiqun Yu
Chairman, President and Chief Executive
Officer

Harbin, PRC
[], 2011

IMPORTANT

IF YOU CANNOT PERSONALLY ATTEND THE ANNUAL MEETING, IT IS REQUESTED THAT YOU INDICATE YOUR VOTE ON THE ISSUES INCLUDED ON THE ENCLOSED PROXY AND DATE, SIGN AND MAIL IT IN THE ENCLOSED SELF-ADDRESSED ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES OF AMERICA.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held September 18, 2011. This Proxy Statement to the Stockholders will be available at www.chinaeducationalliance.com.

CHINA EDUCATION ALLIANCE, INC.
58 HENG SHAN ROAD
KUN LUN SHOPPING MALL
HARBIN, PEOPLE'S REPUBLIC OF CHINA 150090

PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD SEPTEMBER 18, 2011

Date, Time and Place of the Annual Meeting

The enclosed proxy is solicited by the Board of Directors (the "Board") of China Education Alliance, Inc. (the "Company"), a North Carolina corporation, in connection with the Annual Meeting of Stockholders to be held at China Education Alliance, Inc., 6/F Middle Tower, China Overseas Plaza, No.8 Guanghua Dong Li, Chaoyang District, Beijing, P.R.C. 100020 on September 18, 2011, at 10:00 a.m. local time, and any adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.

The principal executive office of the Company is 58 Heng Shan Road, Kun Lun Shopping Mall, Harbin, People's Republic of China 150090, and its telephone number, including area code, is 86-451-8233-5794.

Purpose of the Annual Meeting

At the annual meeting, you will be asked to consider and vote upon the following matters:

1. To elect three directors as Class I directors to serve until the 2013 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified, or until such director's earlier resignation, removal or death;
2. To approve and ratify the unanimous resolution of the Board of Directors on July 29, 2011 to effect a three-to-one reverse stock split of the Company's issued and outstanding shares and its attendant Articles of Amendment;
3. To ratify and approve the 2011 Incentive Stock Plan which has been approved by the Board of Directors;
4. To ratify the appointment of Sherb & Co., LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2011;
5. To conduct an advisory vote on executive compensation;
6. To conduct an advisory vote on the frequency of future advisory votes on executive compensation; and
7. To act on such other matters as may properly come before the meeting or any adjournment or adjournments thereof.

Voting Rights and Revocation of Proxies

The record date with respect to this solicitation is the close of business on August 11, 2011 (the "Record Date") and only stockholders of record at that time will be entitled to vote at the Annual Meeting and any adjournment or adjournments thereof.

The shares of the Company's common stock, par value \$0.001 ("Common Stock"), represented by all validly executed proxies received in time to be taken to the meeting and not previously revoked will be voted at the meeting. This proxy may be revoked by the shareholder at any time prior to its being voted by filing with the Chief Executive Officer of the Company either a notice of revocation or a duly executed proxy bearing a later date. We intend to release this proxy statement and the enclosed proxy card to our stockholders on or about [_____], 2011.

Dissenters' Right of Appraisal

Holders of shares of our Common Stock do not have appraisal rights under North Carolina law or under the governing documents of the Company in connection with this solicitation.

Quorum

The number of outstanding shares of Common Stock entitled to vote at the meeting is [_____]. Each share of Common Stock is entitled to one vote. The presence in person or by proxy at the Annual Meeting of the holders of a majority of such shares shall constitute a quorum. There is no cumulative voting. Shares that abstain or for which the authority to vote is withheld on certain matters (so-called "broker non-votes") will, however, be treated as present for quorum purposes on all matters.

Broker Non-Votes

Holders of shares of our Common Stock that are held in street name must instruct the organization that holds their shares how to vote their shares. If such voting instructions are not provided, then the shares that are held in street name will not be voted on any non-routine proposal. This vote is called a "broker non-vote." If you sign your proxy card but do not provide instructions on how your broker should vote, your broker will vote your shares as recommended by our Board. Broker non-votes are not included in the tabulation of the voting results of any of the proposals and, therefore, do not effect these proposals.

Brokers cannot use discretionary authority to vote shares on the election of directors if they have not received instructions from their clients. Please submit your vote instruction form so your vote is counted.

With the exception of Proposal 3, the ratification of the appointment of Sherb & Co., LLP as our independent registered public accounting firm for our fiscal year ending 2011, all of the proposals to be voted upon at our 2011 Annual Meeting are considered non-routine.

Required Vote

Assuming the presence of a quorum at the Annual Meeting:

- Directors shall be elected by a plurality of the votes cast;
- The affirmative vote of a majority of Common Stock present at the meeting and entitled to vote on each matter is required to approve the amendment to the Company's Articles of Incorporation to effect a three-to-one reverse split

of the Company's issued and outstanding Common Stock;

- The affirmative vote of a majority of Common Stock present at the meeting and entitled to vote on each matter is required to ratify the 2011 Incentive Stock Plan, attached hereto as Appendix A;
- The affirmative vote of a majority of Common Stock present at the meeting and entitled to vote on each matter is required to ratify the appointment of Sherb & Co., LLP as the Company's independent registered public accounting firm for the fiscal year ending December, 31, 2011; and

With regard to the advisory vote on executive compensation (Proposal 5), it will not be binding on either the Board of Directors or the Company. However, the Company's Compensation Committee will take into account the outcome of the shareholder vote on this proposal at the Annual Meeting when considering future executive compensation arrangements. In addition, your non-binding advisory votes described in this Proposal 5 and below in Proposal 6 will not be construed (1) as overruling any decision by the Board of Directors, any Board committee or the Company relating to the compensation of the named executive officers or (2) as creating or changing any fiduciary duties or other duties on the part of the Board of Directors, any Board committee or the Company.

With regard to the advisory vote on the frequency of future advisory votes on executive compensation (Proposal 6), votes on the preferred voting frequency may be cast by choosing the option of one year, two years, three years, or "abstain" in response to this proposal. Votes cast on this proposal is not a vote to approve or disapprove the Board's recommendation but rather is a vote to select one of the options described in the preceding sentence. The option of one year, two years or three years that receives the highest number of votes cast by shareholders will be the frequency of the advisory vote on executive compensation that has been recommended by the shareholders. However, because this vote is advisory and not binding on either the Board of Directors or the Company, the Board of Directors may subsequently decide that it is in the best interests of the Company and its shareholders to hold an advisory vote on executive compensation that differs in frequency from the option that received the highest number of votes from the Company's shareholders at the Annual Meeting.

Votes shall be counted by one or more persons who shall serve as the inspectors of election. The inspectors of election will canvas the stockholders present in person at the meeting, count their votes and count the votes represented by proxies presented. Abstentions and broker non-votes are counted for purposes of determining the number of shares represented at the meeting, but are deemed not to have voted on the proposal.

For purposes of determining the votes cast with respect to any matter presented for consideration at the meeting, only those votes cast "FOR" or "AGAINST" are included. However, if a proxy is signed but no specification is given, the shares will be voted "FOR" Proposals 1, 2, 3, 4, and 5 (to elect the Board's nominees to the Board, to approve and ratify the unanimous resolution of the Board of Directors on July 29, 2011 to effect a three-to-one reverse stock split of the Company's issued and outstanding shares and its attendant Articles of Amendment, to ratify the 2011 Incentive Stock Plan, to ratify the appointment of Sherb & Co., LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011, and to conduct the advisory vote on executive compensation) and the shares will be voted for "Three Years" for Proposal 6 (to conduct the advisory vote on the frequency of future advisory votes on executive compensation).

Solicitation of Proxies

The expenses of solicitation of proxies will be paid by the Company. We may solicit proxies by mail, and the officers and employees of the Company may solicit proxies personally or by telephone and will receive no extra compensation from such activities. The Company will reimburse brokerage houses and other nominees for their expenses incurred in sending proxies and proxy materials to the beneficial owners of shares held by them.

Delivery of Proxy Materials to Households

Only one copy of the Company's 2010 Annual Report, Quarterly Report and this Proxy Statement will be delivered to an address where two or more stockholders reside with the same last name or whom otherwise reasonably appear to be members of the same family based on the stockholders' prior express or implied consent.

We will deliver promptly upon written or oral request a separate copy of the 2010 Annual Report, Quarterly Report and this Proxy Statement upon such request. If you share an address with at least one other stockholder,

currently receive one copy of our Annual Report, Quarterly Report and proxy statement at your residence, and would like to receive a separate copy of our Annual Report, Quarterly Report and proxy statement for future stockholder meetings of the Company, please specify such request in writing and send such written request to China Education Alliance, Inc., 58 Heng Shan Road, Kun Lun Shopping Mall, Harbin, People's Republic of China 150090, Attention: Chief Executive Officer.

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If you share an address with at least one other stockholder and currently receive multiple copies of annual reports and proxy statements, and you would like to receive a single copy of annual reports and proxy statements, please specify such request in writing and send such written request to China Education Alliance, Inc., 58 Heng Shan Road, Kun Lun Shopping Mall, Harbin, People's Republic of China 150090, Attention: Chief Executive Officer.

Interest of Officers and Directors in Matters to Be Acted Upon

None of our officers or directors has any interest in any of the matters to be acted upon at the Annual Meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our voting securities by (i) any person or group owning more than 5% of any class of voting securities, (ii) each director, (iii) our chief executive officer and (iv) all executive officers and directors as a group as of July 27, 2011.

Name and Address	Number of Shares Beneficially Owned (1)	Percentage of Outstanding Shares (1)
5% Shareholder		
Zesiger Capital Group LLC 460 Park Avenue, 22nd Floor New York, New York, 10022	2,182,200 (2)	6.88 %
Executive Officers and Directors		
Xiqun Yu 58 Heng Shan Rd. Kun Lun Shopping Mall Harbin, PRC 150090	12,983,335 (3)	40.92%
Alice Lee Rogers (4) 58 Heng Shan Rd. Kun Lun Shopping Mall Harbin, PRC 150090	0	0
Liansheng Zhang 58 Heng Shan Rd. Kun Lun Shopping Mall Harbin, PRC150090	10,000 (5)	