

China Education Resources Inc.

EXECUTIVE SUMMARY

China Education Resources Inc. (“CER” or the “Company”), a public listed company (TSX-V – CHN and OTCQX - CHNUF), is a leading technology provider of online learning, training courses and tools for teachers, students and education professionals in China. In collaboration with China’s various education authorities, CER has developed an education portal (www.CERSP.com – “CERSP”) and created educational tools and curricula for China’s entire kindergarten through twelfth grade system. It also has the World’s largest kindergarten to grade 12 (“K–12”) teacher blog system with more than one million registered teachers. By implementing the government’s goals of converting the existing educational system from memory-based learning to creative thinking and utilizing a more interactive approach to embrace a world-based economy, CER is playing an important role in assisting Chinese educational authorities as they move the country’s education system rapidly forward.

Summary Financial Information (USD’s):

	<u>Revenue</u>	<u>Net Profit</u>	<u>Operating C.F.</u>
Year to Dec. 31, 2010	5,436,165	(615,135)	1,994,437
Year to Dec. 31, 2009	2,790,137	(2,080,670)	(717,277)
Year to Dec. 31, 2008	476,691	(3,534,628)	(1,387,410)

For the nine months ending September 30, 2011, revenue and net profit were USD6,433,951 and USD716,402 respectively (versus USD4,709,589 and a net loss of USD312,522 respectively for the prior year period).

Market Capitalization:

- Shares Outstanding – 47,364,982.
- Trading Price (High/Low/Close to October 14, 2011) - \$0.61/\$0.20/\$0.29 per share.

www.CERSP.com – Creating One of the World’s Largest On-line Communities:

The goal of CER is to position CERSP as the central on-line location for all key groups in the education sector (students, teachers, parents, schools and administrators), to allow them to access, to be educated in, to create and to share new curriculum materials. CERSP is a unique learning and working platform which offers different services and products now increasingly used by individuals and schools in China’s education sector.

The CERSP portal has been selected by The World Bank as a model for ICT-enabled large-scale training. Since 2008, the CERSP portal has been engaged by China’s Ministry of Education to operate national level teacher training programs. It contains thousands of pages of curriculum covering all key subjects.

CERSP is the equivalent of a mega-portal. It is designed to be accessible by everyone associated with K-12 education across China and it is loaded with robust features and resources that enable the development, delivery, and support of resources and activities related to the national K-12 education reform initiative. CERSP is a primary venue for teacher training in schools, districts, cities, and provinces. It is also an aggregator for knowledge experts in all K-12 subject areas and a place where they can virtually gather to improve work done in response to national mandates.

CER's Education Services Platform ("ESP") is a commercial service for the K-12 education marketplace that extends the reach and relevance of the CERSP portal at the school and individual level. Its primary function is to support the administrative, teaching, learning, testing and assessment needs of an individual school, and it does so in a way that is standardized, allowing for the preparation of combined results at the district, city, province, or national level. CERSP can be regarded as a large "back-end" resource that greatly enriches the use of ESP. On the other hand, ESP is a way to monetize the momentum of CERSP by creating a direct, revenue producing relationship with every school, administrator, teacher, parent and student that subscribes.

CER has a unique business model with a national brand and a reputation for offering best in-class learning products and services. Teachers who know and trust the CERSP brand recommend its products to the students they teach (a "top down" sales approach). An "online/offline" model allows physical products such as textbooks and enrichment materials to be sold offline with the user able to maximize the effectiveness of these products through the CERSP portal.

CERSP is currently the most visited K-12 education portal in China on a daily basis. It offers an ideal way for advertisers to reach a targeted audience in an efficient and cost effective way.

The Opportunity in China's K – 12 Education Sector:

The Premier of China has announced that the China Central Government is mandated to allocate 4% of Chinese GDP to education annually. In 2010, this was equivalent to approximately USD235 billion (4% of USD5.9 trillion). The Ministry of Education is currently concluding a ten year plan which would result in the allocation of 10% of the annual education expenditure in education digitalization (approximately USD23.5 billion based on 2010).

In regard to these forgoing budget allocations, the Ministry of Education has set the following targets:

1. In 2012, demonstration schools will be identified in digital education trial regions to test and establish the digital school environment. This is intended to clarify recommended bandwidth and internet infrastructure in order to support the necessary applications relating to classroom, laboratory and individual learning platforms.

2. By 2013, selected demonstration schools will be designated model schools, to showcase their experiences internationally and share these experiences with other districts in China.
3. From 2013 to 2015, the experiences and results of the initial demonstration schools will be analyzed and used to establish the national, provincial, municipal, county and school level online service criteria.
4. By 2015, all provinces of China will have digital education trial regions and all cities and counties will have demonstration schools, to be used to lead the large scale education digitalization program. At least 60% of all schools will have high speed broadband access and all rural schools and kindergartens will be equipped with multi-media classrooms. The overall student to computer ratio will be 10:1 in primary schools, 8:1 in junior schools and 5:1 in high schools. The teacher to computer ratio will be 3:1.
5. By 2020, all urban schools will have access to at least 100M broadband and all rural schools will have access to at least 10M broadband. All K-12 schools will have access to broadband internet, all school classrooms will be equipped with multi-media equipment and all K-12 schools will be safe, green and digital. The overall student to computer ratio will be 6:1 and the teacher to computer ratio will be 1:1. All students will have access to individualized internet-based learning services regardless of location.

CER has been engaged by 14 provinces of China for their provincial teacher online training programs and CER's China operating subsidiaries have direct contact with education authorities in more than 200 cities. CER is working with the Curriculum Development Center of the Ministry of Education, the highest authority in charge of China's K-12 curricula development, as well as various education authorities such as the Chinese Society of Education (the largest academic association in China with more than 850,000 members) on various aspects of the forgoing education digitalization programs.

Certain of the 14 provinces above have asked CER to provide solutions for their education digitalization programs and certain cities are discussing with CER plans to develop the demonstration schools and trial regions in their areas. CER is currently searching partners to assist in preparing hardware and software packages so as to propose a total solution to meet the goals of the Chinese education digitalization program.

CER Financial and Operating Strategy:

CER has implemented a four step growth and revenue strategy which is now being commercialized and expanded nationwide.

The first step of the strategy involves working with various levels of government to deliver government-funded online teacher training programs. CER has developed 25 online teacher training courses for the continuous education of teachers who can obtain government

certificates upon successful completion of any of these courses. In addition, CER recently developed another 56 training courses for new teachers and 100,000 K-12 online lesson plans. CER has also obtained the rights to 97 teacher training courses developed by others for provincial teacher training programs. More than 300,000 teachers have been trained on the Company's teacher training programs. CER is the only public company endorsed by China's Ministry of Education for national level online teacher training programs. It currently has agreements with fourteen provinces to deliver province-wide teacher training.

The second step of the strategy involves integrating the Company's products and services into the daily routine of teachers for use to interact and communicate with each other. These products include online teacher training, professional development and sharing of lesson plans. The CERSP portal has built one of the largest and most popular K-12 teacher blog systems in China with more than one million K-12 teachers registered. The first two steps are well underway and expanding into more provinces.

The third step involves the promotion of ESP primarily to teachers. Each school pays a subscription fee for this product and provinces such as Liaoning have endorsed this as a way to provide teacher training and services programs through CER's School Platform. These programs require teachers achieve continuing training credits during their careers and are a milestone achievement for the Company. The provinces of Shaanxi and Guangxi are preparing to commence similar programs based on the Company's School Platform.

The fourth step is targeting ESP at students by offering products and services such as the Company's collection of online tutoring courses. This is currently one of the largest online systems in China, customized to provide education resources, formative assessment tools and education games. Students and parents pay a subscription fee for use of this platform.

Working with the Central Government and various Provincial and Municipal Governments, and based on CER's contacts with over 200 education authorities in various provinces of China, the successful commercialization of the company's products and services is occurring. The Company's four-step growth plan is currently being extended in fourteen provinces throughout China and represents a unique opportunity for investors to participate in the rapid growth of China's education sector..

Management Team:

Mr. Chengfeng Zhou - Chairman and Chief Executive Officer

Mr. Danny Hon - Chief Financial Officer

Ms. Vivian Pu Chen – Chief Financial Officer of the Company's Chinese operations

Mr. Wu Yuquan – Chief Technology Officer and President of the Company's China operations subsidiary

Mr. Li Qi – Chief Executive Officer of the Company's China distribution subsidiary

Mr. Mu Weiguo – President of the Company's China distribution subsidiary

Board of Directors:

Mr. Chengfeng Zhou, Chairman & Chief Executive Officer (Vancouver and Beijing)
Mr. William Calvin (Vancouver, B.C.)
Mr. Jeffrey Munks (California, USA)
Ms. Wang Li (Beijing, China)
Mr. Danny Hon (Vancouver, B.C.)

Stock Symbols:

TSX Venture Exchange (TSX-V) – “CHN”
U.S. OTC (OTCQX) – “CHNUF”

Websites:

Corporate website - www.chinaeducationresources.com
CER China website - www.CERSP.com

Company Contact:

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