

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 20-F**

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of the event requiring this shell company report \_\_\_\_\_

Commission file number: 001-34824

**AMBOW EDUCATION HOLDING LTD.**

(Exact name of Registrant as specified in its charter)

**Not Applicable**

(Translation of Registrant's name into English)

**Cayman Islands**

(Jurisdiction of incorporation or organization)

**19925 Stevens Creek Blvd, Cupertino, CA 95014  
United States of America**

(Address of principal executive offices)

**Dr. Jin Huang, President and Chief Executive Officer  
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United States of America  
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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
American depositary shares (one American depositary share representing twenty Class A Ordinary Shares, par value \$0.003 per share) **	AMBO	NYSE American LLC
Class A Ordinary Shares, par value \$0.003 per share*		NYSE American LLC

\*Not for trading, but only in connection with the listing on the NYSE American

\*\*Effective on February 20, 2024, the ratio of ADSs to our Class A Ordinary Shares was changed from one ADS representing two Class A Ordinary Shares to one ADS representing twenty Class A Ordinary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

**None  
(Title of Class)**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**None**  
**(Title of Class)**

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Indicate the number of outstanding shares of each of the issuer's classes of capital stock as of the close of the period covered by this report.

**52,419,109 Class A Ordinary Shares and  
4,708,415 Class C Ordinary Shares,  
par value \$0.003 per share, as of  
December 31, 2023**

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer   
Emerging Growth Company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive - based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued  
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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**CONVENTIONS THAT APPLY IN THIS ANNUAL REPORT ON FORM 20-F**

Except where the context requires otherwise and for purposes of this annual report only:

- “ADSs” refers to our American depositary shares. Prior to February 20, 2024, each of which represents two Class A Ordinary Shares, and “ADRs” refers to the American depositary receipts that evidence our ADSs.
- “Ambow” refers to Ambow Education Holding Ltd., a Cayman Island company; “we,” “us,” “our Company,” “the Company,” “the Group,” “our” or similar terms refer to Ambow Education Holding Ltd., its consolidated subsidiaries unless the context otherwise indicate.
- “China” or “PRC” refers to the People’s Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau and Taiwan.
- “IPO” refers to the initial public offering of our ADSs.
- “RMB” or “Renminbi” refers to the legal currency of China.
- “U.S. GAAP” refers to the Generally Accepted Accounting Principles in the United States.
- “\$,” “US\$” or “U.S. dollars” refers to the legal currency of the United States.

## FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F includes forward-looking statements that relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Words such as, but not limited to, “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” “likely,” “will,” “would,” “could,” and similar expressions or phrases identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and future events and financial trends that we believe may affect our financial condition, results of operation, business strategy and financial needs. Forward-looking statements include, but are not limited to, statements about:

- Anticipated trends and challenges in our business and the markets in which we operate;
- Our ability to anticipate market needs or develop new or enhanced services and products to meet those needs;
- Our ability to compete in our industry and innovation by our competitors;
- Our ability to protect our confidential information and intellectual property rights;
- Risks associated with opening new learning centers and other strategic plans;
- Our need to obtain additional funding and our ability to obtain funding in the future on acceptable terms;
- The impact on our business and results of operations arising from the defects in our real properties;
- Our ability to create and maintain our positive brand awareness and brand loyalty;
- Our ability to manage growth;
- Risks associated with school closures.

All forward-looking statements involve risks, assumptions and uncertainties. You should not rely upon forward-looking statements as predictors of future events. The occurrence of the events described, and the achievement of the expected results, depend on many events, some or all of which are not predictable or within our control. Actual results may differ materially from expected results. See the information under “Item 3.D Key Information—Risk Factors” and elsewhere in this annual report for a more complete discussion of these risks, assumptions and uncertainties and for other risks and uncertainties. These risks, assumptions and uncertainties are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this annual report might not occur.

**PART I**

**Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information**

**A. [Reserved]**

**B. Capitalization and Indebtedness**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds**

Not applicable.

**D. Risk Factors**

*Summary of Risks*

*An investment in our securities involves a high degree of risk. The occurrence of one or more of the events or circumstances described in the section titled "Risk Factors," alone or in combination with other events or circumstances, may materially adversely affect our business, financial condition and operating results. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. Such risks include, but are not limited to:*

- *If we are not able to continue to attract students to enroll in our programs, our net revenues may decline, and we may not be able to maintain profitability.*
- *If our expansions into new businesses are not successful, our results of operation and growth prospects may be materially and adversely affected.*
- *We face significant competition in each major program we offer and each geographic market in which we operate, and if we fail to compete effectively, we may lose our market share and our profitability may be adversely affected.*
- *NYSE may delist our securities from trading on its exchange, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.*
- *We may not be able to successfully integrate businesses that we acquire, which may cause us to lose anticipated benefits from such acquisitions and to incur significant additional expenses.*
- *We face risks related to natural disasters or other extraordinary events and public health epidemics, such as the global coronavirus outbreak experienced, in the locations in which we, our students, faculty, and employees live, work, which could have a material adverse effect on our business and results of operations.*
- *If we are not able to continually enhance our online programs, services and products and adapt them to rapid technological changes and student needs, we may lose market share and our business could be adversely affected.*

- *Our ADSs or Ordinary Shares may be delisted under the Holding Foreign Companies Accountable Act (“HFCA Act”) if the PCAOB is unable to adequately inspect audit documentation located in China. The delisting of our ADSs or Ordinary Shares, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct adequate inspections deprives our investors with the benefits of such inspections. Furthermore, on June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, which was enacted on December 29, 2022 under the Consolidated Appropriations Act 2023, amends the HFCA Act and requires the SEC to prohibit an issuer’s securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three.*
- *The actual or perceived failure by us, our customers, partners or vendors to comply with stringent and evolving laws and regulations, industry standards, policies, and contractual obligations relating to privacy, data protection, information security, and other matters could harm our reputation and business and subject us to significant fines and liability.*
- *Our information security measures, and those of third parties upon which we rely, may be compromised in the future. If our information security measures are compromised in the future or if our information technology fails, this could harm our reputation, expose us to significant fines and liability, impair our sales, and harm our business. In addition, our products and services may be perceived as not being secure. This perception may result in customers and users curtailing or ceasing their use of our products, our incurring significant liabilities, and our business being harmed.*
- *If we fail to comply with the extensive U.S. regulatory requirements related to operating a U.S. higher education institution, we could face significant monetary liabilities, fines and penalties, including loss of access to federal student loans and grants for our students.*
- *Our failure to demonstrate financial responsibility or administrative capability may result in the loss of eligibility to participate in Title IV programs.*
- *The ongoing regulatory effort aimed at for-profit post-secondary institutions of higher education could lead to additional legislation or other governmental action that may negatively affect the industry.*
- *Insiders have substantial control over us, which could adversely affect the market price of our ADSs.*

## RISKS RELATED TO OUR BUSINESS AND INDUSTRY

***If we are not able to continue to attract students to enroll in our programs, our net revenues may decline, and we may not be able to maintain profitability.***

The success of our business largely depends on the number of students who are enrolled in our programs and the amount of fees that our students are willing to pay for our courses. Therefore, our ability to continue to attract students to enroll in our programs without significantly decreasing course fees is critical to the continued success and growth of our business. This will depend on several factors, including our ability to develop new programs and enhance existing programs to respond to changes in market trends and student demands, expanding our geographic reach, managing our growth while maintaining the consistency of our teaching quality, effectively marketing our programs to a broader base of prospective students, developing and licensing additional high-quality educational content and responding to competitive pressures. It also depends on macroeconomic factors like unemployment and the resulting lower confidence in job prospects and many of the regulatory risks discussed below. Our enrollment in future years will be affected by legislative uncertainty, regulatory activity and macroeconomic conditions. It is likely that legislative, regulatory and economic uncertainties will continue for the foreseeable future, and thus it is difficult to assess our long-term growth prospects. If we are unable to continue to attract students to enroll in our programs without significantly decreasing course fees, our net revenues may decline and we may not be able to achieve profitability, either of which could result in a material adverse effect on our business, results of operations and financial condition.

***If we are not able to continue to attract and retain qualified education professionals, we may not be able to maintain consistent teaching quality throughout our school, and our brand, business and results of operations may be materially and adversely affected.***

Our education professionals are critical to maintaining the quality of our services, software products and programs, and maintaining our brand and reputation, as they interact with our students on a regular basis. We must continue to attract qualified education professionals who have a strong command of the subject areas to be taught and who meet our qualifications. We may not be able to hire and retain enough qualified education professionals to keep pace with our anticipated growth or at acceptable costs while maintaining consistent teaching quality across many different schools and programs in different geographic locations. Shortages of qualified education professionals, or decreases in the quality of our instruction, whether actual or perceived in one or more of our markets, or an increase in hiring costs, may have a material and adverse effect on our business and our reputation. Further, our inability to retain our education professionals may hurt our existing brands and those brands we are trying to develop, and retaining qualified teachers at additional costs may have a material adverse effect on our business and results of operations.

***If our expansions into new businesses are not successful, our results of operation and growth prospects may be materially and adversely affected.***

As part of our growth strategy, we enter into new businesses from time to time to generate additional revenue streams and through our development of new business lines or strategic investments in or acquisitions of other businesses. Expansions into new businesses may present operating, marketing and compliance challenges that differ from those that we currently encounter.

We have invested resources in the research and development of artificial intelligence (“AI”) technology and have made progress in the commercialization of our AI-driven offering, HybriU. We plan to continue to invest capital and other resources into our AI-driven business operations. However, AI technology is rapidly evolving with significant uncertainties, and we cannot make assurances that our investment and exploration in AI technology and AI-driven products and services will be successful. In addition, our AI-driven business requires very different products and services, sales and marketing channels and internal operational systems and processes. These requirements could disrupt our current operations and harm our financial condition and operating results, especially during the initial stage of investment, development and scaling of our new AI-driven offerings.

It is uncertain whether our strategies will attract users and customers or generate the revenue required to succeed. If we fail to generate sufficient usage of our new products and services, we may not grow revenue in line with the significant resources we invest in these new businesses. This may negatively impact gross margins and operating income.

***Potential issues in the adoption and use of artificial intelligence in our product offerings may result in reputational harm or liability.***

We are building AI into our product offerings and we expect this element of our business to be a driver for our future growth. We envision a future in which AI operates in our services and applications, such as HybriU. As with many disruptive innovations, AI presents risks and challenges that could affect its adoption, and, therefore, our business. Our products and services based on AI may not be adopted by our users or customers. AI algorithms may be flawed. Datasets may be insufficient or contain biased information. Inappropriate or controversial data practices by us or others could impair the acceptance of our AI solutions.

***Our business depends on the strength of our brands in the marketplace. We may not be able to retain existing students or attract new students if we cannot continue to use, protect and enhance our brands successfully in the marketplace.***

Our operational and financial performance and the successful growth of our business are highly dependent on market awareness of our “Ambow” brand and the regional brands that we have acquired. We believe that maintaining and enhancing the “Ambow” brand is critical to maintaining and enhancing our competitive advantage and growing our business. In order to retain existing students and attract new students, we plan to continue to make expenditures to create and maintain our positive brand awareness and create brand loyalty. The diverse set of services and products that we offer to college students places significant demands on us to maintain the consistency and quality of our services and products to ensure that our brands do not suffer from any actual or perceived decrease in the quality of our services and products. As we grow in size, expand our services and products and extend our geographical reach, maintaining the quality and consistency of our services and products may be more difficult. Any negative publicity about our services, products, or schools, regardless of its veracity, could harm our brand image and have a material adverse effect on our business and results of operations.

***We face significant competition in each major program we offer and each geographic market in which we operate, and if we fail to compete effectively, we may lose our market share and our profitability may be adversely affected.***

Competition could result in loss of market share and revenues, lower profit margins and limit our future growth.

We face competition from many different companies that focus on one area of our business and are able to devote all of their resources to that business line. These companies may be able to more quickly adapt than we can to changing technology, student preferences and market conditions in these markets. Therefore, these companies may have a competitive advantage over us with respect to these business areas.

Post-secondary education in the United States is highly competitive. Our U.S. colleges, Bay State College Inc. (“Bay State College”), which closed at the end of August 2023, and NewSchool of Architecture & Design, LLC (“NewSchool”), compete with traditional public and private two-year and four-year colleges, other for-profit schools, and alternatives to higher education. Some of our competitors in both the public and private sectors have substantially greater financial and other resources than we do. These competitors may be able to devote greater resources than we can to the development, promotion and sale of their services and products, and respond more quickly than we can to changes in student needs, testing materials, admissions standards, market needs or new technologies. Some of our competitors, both public and private, may offer programs similar to ours at a lower tuition level as a result of government subsidies, government and foundation grants, tax-deductible contributions, and other financial sources not available to proprietary institutions, or by providing fewer student services or larger class sizes. While we believe that our U.S. colleges provide valuable education to their students, we may not always accurately predict the drivers of a student’s or potential students’ decisions to choose among the range of educational and other options available to them. Our student enrollment may decrease due to intense competition, and we may be required to reduce course fees or increase spending in response to competition in order to retain or attract students or pursue new market opportunities. As a result, our net revenues and profitability may decrease. We cannot make assurances that we will be able to compete successfully against current or future competitors. If we are unable to maintain our competitive position or otherwise respond to competitive pressures effectively, we may lose our market share and our profitability may be materially adversely affected.

***We may not be able to successfully integrate businesses that we acquire, which may cause us to lose anticipated benefits from such acquisitions and to incur significant additional expenses.***

It is challenging to integrate the business operations, infrastructure and management philosophies of acquired schools and companies. The benefits of our past and future acquisitions depend in significant part on our ability to integrate technology, operations and personnel. The integration of acquired schools and companies is a complex, time-consuming and expensive process that, without proper planning and implementation, could significantly disrupt our business and operations. The main challenges involved in integrating acquired entities include the following:

- Ensuring and demonstrating to our students that the acquisitions will not result in adverse changes in service standards or business focus;
- Consolidating and rationalizing corporate IT and administrative infrastructures;
- Retaining qualified education professionals for our acquired entities;
- Consolidating service and product offerings;
- Coordinating and rationalizing research and development activities to enhance the introduction of new products and technologies with reduced costs;
- Preserving strategic, marketing or other important relationships of the acquired entity and resolving potential conflicts that may arise with our key relationships; and
- Minimizing the diversion of senior management attention from day-to-day operations.

We may not successfully integrate our operations and the operations of entities we acquire in a timely manner, or at all, and we may not realize the anticipated benefits or synergies of the acquisitions to the extent or in the timeframe anticipated, which would have a material adverse effect on our results of operations.

***Our results of operations may fluctuate, which makes our financial results difficult to forecast, and could cause our results to fall short of expectations.***

Our results of operations may fluctuate as a result of a number of factors, many of which are outside of our control. Our net revenues from continuing operations decreased from \$17.8 million in 2021 to \$14.8 million in 2022, and further decreased to \$9.2 million in 2023. Comparing our results of operations on a period-to-period basis may not be meaningful, and past results should not be relied on as an indication of our future performance. Our quarterly and annual net revenues and costs and expenses as a percentage of net revenues may be significantly different from our historical or projected rates. Our quarterly and annual net revenues and gross margins may fluctuate due to a number of factors, including:

- The increase of costs associated with our strategic expansion plans;
- The revenue and gross margin profiles of our acquisitions in a given period;
- Our ability to successfully integrate our acquisitions and the timing of our post-integration activities;
- Our ability to reduce our costs as a percentage of our net revenues;
- Increased competition; and
- Our ability to manage our financial resources, including administration of bank loans and bank accounts.

As a result of these and other factors, we may not sustain our past growth rates in future periods, and we may not sustain profitability on a quarterly or annual basis in the future.

***We face risks related to natural disasters or other extraordinary events and public health epidemics, such as the global coronavirus outbreak experienced, in the locations in which we, our students, faculty and employees live and work, which could have a material adverse effect on our business and results of operations.***

Our business could be severely disrupted and materially adversely affected by natural disasters, inclement weather, or the outbreak of health epidemics in the locations in which we, our students, faculty and employees live, work and attend classes. Any future natural disasters or health epidemics could also severely disrupt our business operations and have a material adverse effect on our business and results of operations.

***Our business depends on the continuing efforts of our senior management team and other key personnel, and our business may be harmed if we lose their services.***

Our future success depends heavily upon the continuing services of the members of our senior management team and, in particular, upon retaining the services of our founder, Chairman, Chief Executive Officer and acting Chief Financial Officer, Dr. Jin Huang. If one or more of our senior executives or other key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all. As a result, our business may be disrupted, and our financial condition and results of operations may be materially and adversely affected. In addition, if any member of our senior management team or any of our other key personnel joins a competitor or forms a competing company, we may lose teachers, students, key professionals and staff members. Competition for experienced management personnel in the private education sector is intense. The pool of qualified candidates is very limited, and we may not be able to retain the services of our senior executives or key personnel or attract and retain high-quality senior executives or key personnel in the future, which could have a material adverse effect on our business and results of operations.

***If we are not able to continually enhance our online programs, services and products and adapt them to rapid technological changes and student needs, we may lose market share and our business could be adversely affected.***

Our online programs, services and products are vital to the success of our business. The market for such programs, services and products is characterized by rapid technological changes and innovation, as well as unpredictable product life cycles and user preferences. We must quickly modify our online programs, services and products to adapt to changing student needs and preferences, technological advances and evolving Internet practices. Ongoing enhancement of our online offerings and related technologies may entail significant expense and technical risk. We may use new technologies ineffectively or fail to adapt our online services or products and related technologies on a timely and cost-effective basis. If our improvements to our online offerings and the related technology are delayed, if they result in systems interruptions or are not aligned with market expectations or preferences, we may lose market share and our business could be materially adversely affected.

***Failure to adequately and promptly respond to industry changes in curriculum, testing materials and standards could cause our services and products to be less attractive to our students.***

Our success depends, in part, on our ability to continually update and expand the content, curriculum and test preparation materials of our academic programs, develop new programs and teaching methods in a cost-effective manner, and meet students' needs in a timely manner. Any inability to track and respond to industry changes in a timely and cost-effective manner would make our services and products less attractive to students, which may materially and adversely affect our reputation and ability to continue to attract students without a significant decrease in course fees.

***If we are unable to obtain new loans, at all or on terms that are acceptable to us, our growth will be impacted.***

We may seek to obtain additional bank loans in the future. We cannot assure you that we will be able to obtain new loans or credit facilities, at all or on terms that are acceptable to us. Our ability to obtain financing may be affected by our financial position and leverage, our credit rating and investor perception of the education industry, as well as by prevailing economic conditions and the cost of financing in general. In addition, factors beyond our control, such as recent global market and economic conditions and the tightening of credit markets may result in a diminished availability of financing and increased volatility in credit and equity markets, which may materially adversely affect our ability to secure financing at reasonable costs or at all. If we were unable to obtain financing in the future on terms acceptable to us, our business operations and our growth plans would be materially harmed.

***Our business is subject to seasonal fluctuations, which may cause our operating results to fluctuate from quarter to quarter.***

We have experienced, and expect to continue to experience, seasonal fluctuations in our revenues and results of operations, primarily due to seasonal changes in service days and student enrollment. Historically, the number of days in which our students attend our courses is lower in the third quarter due to school closures for summer break. Because our colleges recognize revenues based on the number of service days in each quarter, we expect our third-quarter revenues to be lower than the first, second and fourth quarters. Our costs and expenses, however, do not necessarily correspond with changes in our student enrollment, service days or net revenues. We make investments in marketing and promotion, teacher recruitment and training, and product development throughout the year. We expect quarterly fluctuations in our revenues and results of operations to continue. As the revenues grow in our colleges, these seasonal fluctuations may become more pronounced.

***We may not be able to adequately protect our intellectual property, which could adversely impact our competitiveness.***

Our brand, copyrights, patents, trade secrets, trade names and other intellectual property rights are important to our success. Unauthorized use of any of our intellectual property may adversely affect our business and reputation. We rely on a combination of copyright, trademark and trade secrets laws and confidentiality agreements with our employees, consultants and others, including our partner schools, to protect our intellectual property rights. Nevertheless, it may be possible for third parties to obtain and use our intellectual property without authorization. Moreover, litigation may be necessary in the future to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our management's attention and resources and could disrupt our business. If we are unable to enforce our intellectual property rights, it could have a material adverse effect on our financial condition and results of operations. Failure to adequately protect our intellectual property could materially adversely affect our competitive position, our ability to attract students and our results of operations.

***We may be exposed to infringement and misappropriation claims by third parties, which, if successful, could cause us to pay significant damage awards.***

Third parties may initiate litigation against us alleging infringement upon their intellectual property rights.

In the event of a future successful claim of infringement or misappropriation and our failure or inability to develop non-infringing technology or license the infringed or misappropriated or similar technology on a timely basis, our business could be harmed. In addition, even if we are able to license the infringed or misappropriated or similar technology, license fees could be substantial and may adversely affect our results of operations.

***Unexpected network interruptions, security breaches or computer virus attacks and system failures could have a material adverse effect on our business, financial condition and results of operations.***

Any failure to maintain satisfactory performance, reliability, security or availability of our network infrastructure may cause significant damage to our reputation and our ability to attract and maintain students. Major risks involving our network structure include:

- Breakdowns or system failures resulting in a prolonged shutdown of our servers, including failures attributable to power shutdowns, or attempts to gain unauthorized access to our systems, which may cause loss or corruption of data, including customer data, or malfunctions of software or hardware;

- Disruption or failure in the national backbone network, which would make it impossible for visitors and students to log on to our websites;
- Damage from fire, flood, power loss and telecommunications failures; and
- Any infection by or spread of computer viruses.

Any network interruption or inadequacy that causes interruptions in the availability of our websites or deterioration in the quality of access to our websites could reduce customer satisfaction and result in a reduction in the number of students using our services. If sustained or repeated, these performance issues could reduce the attractiveness of our online and offline programs. In addition, we may be subject to a security breach caused by a computer hacker, which could involve attempts to gain unauthorized access to our systems or personal information stored in our systems or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment. A user who circumvents our security measures could misappropriate proprietary information or cause interruptions or malfunctions in our operations. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these breaches.

Furthermore, increases in the volume of traffic on our websites could also strain the capacity of our existing computer systems, which could lead to slower response times or system failures. This would cause a disruption or suspension in our online course programs, which would hurt our brand and reputation, and thus negatively affect our net revenue growth. We may need to incur additional costs to upgrade our computer systems in order to accommodate increased demand if we anticipate that our systems cannot handle higher volumes of traffic in the future; or to protect against system errors, failures or disruptions, or to repair or otherwise mitigate problems.

***The actual or perceived failure by us, our customers, partners or vendors to comply with stringent and evolving laws and regulations, industry standards, policies, and contractual obligations relating to privacy, data protection, information security, and other matters could harm our reputation and business and subject us to significant fines and liability.***

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share confidential, proprietary, and sensitive information, including personal data, customer and user content, business data, trade secrets, intellectual property, third-party data, business plans, transactions, financial information. Our data processing activities subject us to numerous privacy, data protection and information security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, and contractual requirements.

#### *Laws in the United States*

In the United States, federal, state, and local governments have enacted numerous privacy, data protection and information security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). For example, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 (“CPRA”) (collectively, “CCPA”) applies to the personal information of consumers, business representatives and employees, and requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights, such as those noted below. The CCPA provides for fines of up to \$7,500 per intentional violation and allows private litigants affected by certain data breaches to recover significant statutory damages. Similar laws are being considered in several other states, as well as at the federal and local levels and we expect more states to pass similar laws in the future. These developments may further complicate compliance efforts and increase legal risk and compliance costs for us and the third parties upon whom we rely. Under various laws and other obligations related to privacy, data protection, and information security, we may be required to obtain certain consents to process personal information. For example, some of our data processing practices may be challenged under wiretapping laws if we obtain consumer information from third parties through various methods. These practices may be subject to increased challenges by class action plaintiffs. Our inability or failure to obtain consent for these practices could result in adverse consequences, including class action litigation and mass arbitration demands.

### *Artificial Intelligence*

Our development and use of AI technology is subject to privacy, data protection, IP and information security laws, industry standards, external and internal privacy and security policies, and contractual requirements, as well as increasing regulation and scrutiny. Several jurisdictions around the globe, including the EU, the UK and certain U.S. states, have proposed, enacted, or are considering laws governing the development and use of AI. In the EU, regulators have reached a political agreement on the text of the Artificial Intelligence Act, which, when adopted and in force, will have a direct effect across all EU jurisdictions and could impose onerous obligations related to the use of AI-related systems. Obligations on AI may make it harder for us to conduct our business using, or build products incorporating, AI, require us to change our business practices, require us to retrain our algorithms, or prevent or limit our use of AI. Additionally, certain privacy laws extend rights to consumers such as the right to delete certain personal information and regulate automated decision-making, which may be incompatible with our use of AI. If we do not develop or incorporate AI in a manner consistent with these factors and consistent with customer expectations, it may result in an adverse impact on our reputation, our business may be less efficient, or we may be at a competitive disadvantage. Similarly, if customers and users do not widely adopt our new product AI experiences, features and capabilities, or they do not perform as expected, we may not be able to realize a return on our investment.

### *Industry Standards*

In addition to privacy, data protection and information security laws, we are contractually subject to industry standards adopted by industry groups and may become subject to such obligations in the future. We may also have privacy, data protection and information security obligations arising from the practices in our industry or of companies similar to ours. We are also bound by other contractual obligations related to privacy, data protection and information security, and our efforts to comply with such obligations may not be successful. If we fall below such industry standards or cannot comply with such contractual obligations, our reputation and business may be harmed. We also publish privacy policies, marketing materials and other statements, such as compliance with certain certifications or self-regulatory principles, regarding privacy, data protection and information security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators, or other adverse consequences.

***Our information security measures, and those of third parties upon which we rely, may be compromised in the future. If our information security measures are compromised in the future or if our information technology fails, this could harm our reputation, expose us to significant fines and liability, impair our sales, and harm our business. In addition, our products and services may be perceived as not being secure. This perception may result in customers and users curtailing or ceasing their use of our products, our incurring significant liabilities, and our business being harmed.***

In the ordinary course of our business, we and the third parties upon which we rely collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit and share confidential, proprietary and sensitive data, including data of ours, our customers and our users, the data which includes personal information, customer and user content, health-related data, intellectual property, trade secrets, business plans, and financial information. We and the third parties upon which we rely face a variety of evolving threats, including but not limited to ransomware attacks, which could cause security incidents. Security incidents may occur in the future, resulting in unauthorized access to, loss or unauthorized disclosure of, or inadvertent disclosure of confidential, proprietary, and sensitive information.

Cyberattacks, other malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our proprietary, confidential, and sensitive data and information technology systems, and those of the third parties upon which we rely. Threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer “hackers,” threat actors, “hacktivists,” organized criminal threat actors, personnel such as through theft or misuse, sophisticated nation-state and nation-state supported actors, and advanced persistent threat intrusions. Some actors now engage in and are expected to continue to engage in cyberattacks, including, without limitation, nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, which could materially disrupt our systems and operations, supply chain, and ability to provide our services. We may be subject to a variety of evolving threats, including but not limited to social-engineering attacks including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks, malicious code such as viruses and worms, malware including as a result of advanced persistent threat intrusions, denial-of-service attacks, credential stuffing, personnel misconduct or error, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, attacks enhanced or facilitated by AI, earthquakes, fires, floods and other similar threats. Ransomware attacks, including those perpetrated by organized criminal threat actors, nation-states, and nation-state-supported actors, are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations or our ability to provide our products or services, loss of data and income, reputational harm, and diversion of funds.

In addition, our reliance on third-party service providers could introduce new cybersecurity risks and vulnerabilities, including supply-chain attacks, and other threats to our business operations. We rely on third-party service providers and technologies to operate critical business systems to process confidential, proprietary, and sensitive data in a variety of contexts, including, without limitation, cloud-based infrastructure, encryption and authentication technology, employee email, content delivery to customers and other functions. We also rely on third-party service providers to provide other products, services and parts, or otherwise to operate our business. Our ability to monitor these third parties’ information security practices is limited, and these third parties may not have adequate information security measures in place. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award.

If our information security measures are compromised, our reputation could be damaged; our data, information or intellectual property, or that of our customers, may be destroyed, stolen, or otherwise compromised; our business may be harmed; and we could incur significant liability. We take steps designed to detect and remediate vulnerabilities in our information systems and those of third parties upon whom we rely, but we may not detect or remediate all such vulnerabilities or do so in a timely manner. The threats and techniques used to exploit vulnerabilities change frequently, are often sophisticated in nature and may be difficult to detect by security tools. Vulnerabilities could be exploited and result in a security incident. We have limited budgetary and human resources for detecting and remediating vulnerabilities and have experienced difficulties in hiring and retaining qualified security personnel. We may experience delays in developing and deploying remedial measures, including patches, designed to address identified vulnerabilities, and our remedial measures may require action by our customers such as installing patches or updates, which may increase the amount of time a vulnerability remains unremediated. We have not always been able in the past and may be unable in the future to anticipate or prevent threats or techniques used to detect or exploit vulnerabilities in our information systems or third-party software, or obtain unauthorized access to or compromise our systems.

***Our legal right to lease certain properties could be challenged by property owners or other third parties, which may cause interruptions to business operations of the affected college campuses and adversely affect our financial results.***

We lease the premises used for the operation of our college campuses. As a result, we are dependent on the property rights of these properties held by their owners to enable us to use the premises. We cannot assure you that all lessors of our leased business premises have the relevant land use right certificates or building ownership certificates of the premises they lease to us or otherwise have the right to lease the premises to us.

We are not aware of any actions, claims or investigations being contemplated by the relevant governmental entities with respect to the defects in our leased real properties. However, if we are unable to use the existing properties, enter new leases or renew our current leases in a timely basis and on terms favorable to us, our business, results of operations and financial condition could be materially adversely affected. No impairment loss was made against the operating lease right-of-use assets in 2022 and 2023 from the continuing operations.

***We may need to record a significant charge to earnings if our goodwill or intangible assets arising from acquisitions become impaired, which would adversely affect our net income.***

In accordance with U.S. GAAP, we account for our acquisitions using the acquisition method of accounting, and such acquisitions have resulted in significant goodwill and intangible assets. These assets may become impaired in the future, which could have a material adverse effect on our results of operations following such acquisitions. We are required under U.S. GAAP to review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment annually or more frequently if facts and circumstances warrant a review. Factors that may be considered a change in circumstances indicating that the carrying value of our amortizable intangible assets may not be recoverable include a decline in stock price and market capitalization and slower or declining growth rates in our industry. During 2023, we did not recognize any impairment loss. In the future, we may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined, which could have a material adverse effect on our results of operations.

***Our grant of employee share options, restricted shares or other share-based compensation and any future grants could have an adverse effect on our net income.***

We adopted an equity incentive plan in 2010, the 2010 Equity Incentive Plan, which was amended and restated in November 2018, the Amended and Restated 2010 Plan (the "Amended 2010 Plan"). We have granted options and restricted shares under these plans to our employees and consultants. U.S. GAAP prescribes how we account for share-based compensation, which may have an adverse or negative impact on our results of operations. U.S. GAAP requires us to recognize share-based compensation as a compensation expense in the statement of operations based on the fair value of equity awards on the date of the grant, with the compensation expense recognized over the period in which the recipient is required to provide service in exchange for the equity award. These statements also require us to adopt a fair value-based method for measuring the compensation expense related to share-based compensation. During the year ended December 31, 2023, we did not record any share-based compensation expenses for the restricted stock and the unrecognized share-based compensation expenses amounted to nil as of December 31, 2023. The expenses associated with share-based compensation may reduce the attractiveness of issuing share options or restricted shares under our equity incentive plan. However, if we do not grant share options or restricted shares or reduce the number of share options or restricted shares that we grant, we may not be able to attract and retain key personnel. If we grant more share options or restricted shares to attract and retain key personnel, the expenses associated with share-based compensation may adversely affect our results of operation.

***Changes to accounting standards, taxation rules or practices, or greater than anticipated tax liabilities may adversely affect our reported results of operations or how we conduct our business.***

A change in accounting standards or taxation rules or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting standards or taxation rules, such as accounting for uncertainty in income taxes under ASC 740, and various interpretations of accounting standards or taxation practices have been adopted and may be adopted in the future. These accounting standard and tax regulation changes, future changes and the uncertainties surrounding current practices and implementation procedures may adversely affect our reported financial results or the way we conduct our business. The determination of our provision for income tax and other tax liabilities requires significant judgment, and in the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable, the ultimate decisions by the relevant tax authorities may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made. Moreover, we may lose the tax benefits we are currently receiving, or we may be forced to disgorge prior tax benefits we have enjoyed and pay additional taxes and possibly penalties for prior tax years, any of which would harm our results of operations.

## RISKS RELATED TO REGULATIONS OF OUR U.S. BUSINESS

***If we fail to comply with the extensive U.S. regulatory requirements related to operating a U.S. higher education institution, we could face significant monetary liabilities, fines and penalties, including loss of access to federal student loans and grants for our students.***

As a provider of higher education in the United States, we are subject to extensive regulation on both the federal and state levels. These regulatory requirements cover virtually all phases and aspects of our U.S. postsecondary operations, including educational program offerings, facilities, civil rights, safety, public health, privacy, instructional and administrative staff, administrative procedures, marketing and recruiting, financial operations, payment of refunds to students who withdraw, acquisitions or openings of new schools or programs, the addition of new educational programs, and changes in our corporate structure and ownership. In particular, the Higher Education Act and related regulations subject our U.S. colleges that participate in the various Title IV programs to significant regulatory scrutiny.

The Higher Education Act mandates specific regulatory responsibilities for each of the following components of the higher education regulatory triad: (1) the federal government through the Department of Education; (2) the accrediting agencies recognized by the Secretary of Education; and (3) state education regulatory bodies. In addition, other federal agencies such as the Consumer Financial Protection Bureau and Federal Trade Commission, and various state agencies and state attorneys general enforce consumer protection laws applicable to post-secondary educational institutions.

The regulations, standards, and policies of these regulatory agencies frequently change, and changes in, or new interpretations of, applicable laws, regulations, standards, or policies could have a material adverse effect on our accreditation, authorization to operate in various states, permissible activities, receipt of funds under Title IV programs, or costs of doing business.

Title IV requirements are enforced by the Department of Education and, in some instances, by private plaintiffs. If we are found not to be in compliance with these laws, regulations, standards, or policies, we could lose our access to Title IV program funds, which would have a material adverse effect on our U.S. college operations. Findings of noncompliance also could result in our being required to pay monetary damages, or being subjected to fines, penalties, injunctions, restrictions on our access to Title IV program funds, or other censure that could have a material adverse effect on our business.

On January 19, 2023, Bay State College was informed its accreditation is considered to be withdrawn by The New England Commission of Higher Education (“NECHE”). On April 11, 2023, the Board of Trustees voted to permanently close Bay State College at the end of the 2022-2023 academic year, and this permanent closure was completed on August 31, 2023. For details, please refer to “Risks related to regulations of our U.S. Business - Our failure to demonstrate financial responsibility or administrative capability may result in the loss of eligibility to participate in Title IV programs.”

***The ongoing regulatory effort aimed at for-profit post-secondary institutions of higher education could lead to additional legislation or other governmental action that may negatively affect the industry.***

The proprietary post-secondary education sector has at times experienced scrutiny from federal legislators, agencies, and state legislators and attorneys general. An adverse disposition of these existing inquiries, administrative actions, or claims, or the initiation of other inquiries, administrative actions, or claims, could, directly or indirectly, have a material adverse effect on our business, financial condition, result of operations, and cash flows and result in significant restrictions on us and our ability to operate.

On January 19, 2023, Bay State College was informed its accreditation is considered to be withdrawn by The New England Commission of Higher Education (“NECHE”). For details, please refer to “Risks related to regulations of our U.S. Business - Our failure to demonstrate financial responsibility or administrative capability may result in the loss of eligibility to participate in Title IV programs.”

***If we fail to maintain our institutional accreditation or if our institutional accrediting body loses recognition by the Department of Education, we will lose our ability to participate in Title IV programs.***

The loss of institutional accreditation by any of our U.S. colleges would render any of our U.S. colleges ineligible to participate in Title IV programs and would have a material adverse effect on our business, financial condition, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate. In addition, an adverse action by our institutional accreditors other than loss of accreditation, such as the issuance of a warning, could have a material adverse effect on our business.

***If we fail to obtain recertification by the Department of Education when required, we will lose our ability to participate in Title IV programs.***

Each institution participating in Title IV programs must enter into a Program Participation Agreement with the Department of Education. Under the agreement, the institution agrees to follow the Department of Education's rules and regulations governing Title IV programs. An institution generally must seek recertification from the Department of Education at least every six years and possibly more frequently depending on various factors, such as whether it is provisionally certified. The Department of Education may also review an institution's continued eligibility and certification to participate in Title IV programs, or scope of eligibility and certification, in the event the institution undergoes a change in ownership resulting in a change of control or expands its activities in certain ways, such as the addition of certain types of new programs, or, in certain cases, changes to the academic credentials that it offers. In certain circumstances, the Department of Education must provisionally certify an institution. The Department of Education may withdraw our certification if it determines that we are not fulfilling material requirements for continued participation in Title IV programs. If the Department of Education does not renew, or withdraws our certification to participate in Title IV programs, our students will no longer be able to receive Title IV program funds. Alternatively, the Department of Education could (1) renew the certifications for an institution, but restrict or delay receipt of Title IV funds, limit the number of students to whom an institution could disburse such funds, or place other restrictions on that institution, or (2) delay recertification after an institution's PPA expires, in which case the institution's certification would continue on a month-to-month basis, any of which would have a material adverse effect on our business, financial condition, results of operations, and cash flows.

On October 13, 2020, the Department of Education and Bay State College executed a Provisional Program Participation Agreement, approving Bay State College's continued participation in Title IV programs with full certification through September 30, 2023. On January 16, 2022, the Department of Education and NewSchool executed a Program Participation Agreement, approving NewSchool's continued participation in Title IV programs with full certification through December 31, 2024.

***Student loan defaults could result in the loss of eligibility to participate in Title IV programs.***

In general, under the Higher Education Act, an educational institution may lose its eligibility to participate in some or all Title IV programs if, for three consecutive federal fiscal years, 30% or more of its students who were required to begin repaying their student loans in the relevant federal fiscal year default on their payment by the end of the second federal fiscal year following that fiscal year. Institutions with a cohort default rate equal to or greater than 15% for any of the three most recent fiscal years for which data are available are subject to a 30-day delayed disbursement period for first-year, first-time borrowers.

If we lose eligibility to participate in Title IV programs because of high student loan default rates, it will have a material adverse effect on our business, financial condition, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

***Our U.S. colleges could lose their eligibility to participate in federal student financial aid programs or be provisionally certified with respect to such participation if the percentage of our revenues derived from those programs were too high.***

A proprietary institution may lose its eligibility to participate in the federal Title IV student financial aid program if it derives more than 90% of its revenues, on a cash basis, from Title IV programs for two consecutive fiscal years. A proprietary institution of higher education that violates the 90/10 Rule for any fiscal year will be placed on provisional status for up to two fiscal years. Using the formula specified in the Higher Education Act, Bay State College and NewSchool derived approximately 58% and 55% of their cash-basis revenues from these programs in the year of 2022, respectively. Percentages of NewSchool for the year of 2023 are in process of audits as of the date of this report, which we estimate will be in compliance with the 90/10 Rule. If any of our U.S. colleges lose eligibility to participate in Title IV programs because they are unable to comply with 90/10 Rule, it could have a material adverse effect on our business, financial condition, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

***Our failure to demonstrate financial responsibility or administrative capability may result in the loss of eligibility to participate in Title IV programs.***

All U.S. colleges are subject to meeting financial and administrative standards. These standards are assessed through annual compliance audits, periodic renewal of institutional PPAs, periodic program reviews and ad hoc events which may lead the Department of Education to evaluate an institution's financial responsibility or administrative capability. The administrative capability criteria require, among other things, that our institution (1) has an adequate number of qualified personnel to administer Title IV programs, (2) has adequate procedures for disbursing and safeguarding Title IV funds and for maintaining records, (3) submits all required reports and consolidated financial statements in a timely manner, and (4) does not have significant problems that affect the institution's ability to administer Title IV programs.

A financial responsibility test is required for continued participation by an institution's students in U.S. federal financial assistance programs. The test is based upon a composite score of three ratios: an equity ratio that measures the institution's capital resources; a primary reserve ratio that measures an institution's ability to fund its operations from current resources; and a net income ratio that measures an institution's ability to operate profitably. A minimum score of 1.5 is necessary to meet the financial standards. Institutions with scores of less than 1.5 but greater than or equal to 1.0 are considered financially responsible, but require additional oversight. These schools are subject to heightened cash monitoring and other participation requirements. An institution with a score of less than 1.0 is considered not financially responsible. However, a school with a score of less than 1.0 may continue to participate in the Title IV programs under provisional certification. In addition, this lower score typically requires that the school be subject to heightened cash monitoring requirements and post a letter of credit (equal to a minimum of 10% of the Title IV aid it received in the institution's most recent fiscal year). For the fiscal year of 2022, the composited score of NewSchool was 1.6. The audits to calculate the composited scores of NewSchool for the fiscal year of 2023 are in process as of the date of this report. We estimate NewSchool will meet the required minimum of 1.5.

If the Department of Education determines, in its judgment, that Bay State College and NewSchool have failed to demonstrate either financial responsibility or administrative capability, we could be subject to sanctions, including, among other things, a requirement to post a letter of credit, fines, suspension or termination of our eligibility to participate in Title IV programs or repayment of funds received under Title IV programs, any of which could have a material adverse effect on our business, financial condition, results of operation and cash flows and result in the imposition of significant restrictions on us and our ability to operate. The Department of Education has considerable discretion under the regulations to impose the foregoing sanctions and, in some cases, such sanctions could be imposed without advance notice or any prior right of review or appeal.

On January 19, 2023, The New England Commission of Higher Education (“NECHE”) informed Bay State College of its intention to withdraw Bay State College’s accreditation as of August 31, 2023. The determination was based on NECHE’s opinion that the College could not come into compliance with Institutional Resources (Accreditation Standard 7) within three years. The decision has no bearing on the quality of the Bay State College’s educational program or outcomes. On March 20, 2023, the appeal panel of NECHE affirmed NECHE’s decision to withdraw Bay State College’s accreditation. Without NECHE accreditation, Bay State College will not be able to disburse Title IV funding to its students for classes after August 2023, and will not be able to disburse VA funding to its students for classes after the Spring semester ends. On April 11, 2023, the Board of Trustees voted to permanently close Bay State College at the end of the 2022-2023 academic year, and this permanent closure was completed on August 31, 2023.

***Our failure to comply with the Borrower Defense to Repayment Regulations could result in sanctions and other liability.***

Under the Higher Education Act, The Department of Education is authorized to specify in regulations, which acts or omissions of an institution of higher education a borrower may assert as a defense to repayment of a Direct Loan made under the Direct Loan Program. On July 1, 2020, new Defense to Repayment regulations went into effect that include a higher threshold for establishing misrepresentation, provides for a statute of limitation for claims submission, narrows the current triggers allowed for letter of credit requirements, and eliminates provisions for group discharges. The new regulations are effective with claims on loans disbursed on or after July 1, 2020.

Management is unable to predict how regulations will be revised, the result of any other current or future rulemaking, or the impact of such rulemaking on our business. The outcome of any legal proceeding instituted by a private party or governmental authority, facts asserted in pending or future lawsuits, and/or the outcome of any future governmental inquiry, lawsuit, or enforcement action could serve as the basis for claims by students or The Department of Education under the Defense to Repayment regulations, the posting of substantial letters of credit, or the termination of eligibility of our institutions to participate in the Title IV program based on The Department of Education’s institutional capability assessment, any of which could, individually or in the aggregate, have a material adverse effect on our business, financial condition, results of operations, and cash flows.

***Our business operations could be harmed if we experience a disruption in our ability to process student loans under the Federal Direct Loan Program.***

Any processing disruptions by the Department of Education may affect our students’ ability to obtain student loans on a timely basis. If we experience a disruption in our ability to process student loans through the Federal Direct Loan Program, either because of administrative challenges on our part or the inability of the Department of Education to process the volume of direct loans on a timely basis, our business, financial condition, results of operations, and cash flows related to our U.S. colleges could be adversely and materially affected.

***Our business operations could be harmed if Congress makes changes to the availability of Title IV funds.***

We collected approximately 41.3% and 45.6% of the consolidated net revenues in our revenue from receipt by Bay State College and NewSchool of Title IV financial aid program funds in the year of 2023, respectively, principally from federal student loans under the Federal Direct Loan Program. Changes in the availability of these funds or a reduction in the amount of funds disbursed may have a material adverse effect on our enrollment, financial condition, results of operations, and cash flows. Action by the U.S. Congress to revise the laws governing the federal student financial aid programs or reduce funding for those programs could reduce our student enrollment and/or increase costs of operation. Political and budgetary concerns significantly affect Title IV programs. Any action by the U.S. Congress that significantly reduces Title IV program funding or the ability of our U.S. colleges or students to participate in Title IV programs could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

## RISKS RELATED TO OWNERSHIP OF OUR ADSS

***We have disposed of our China business and currently do not conduct any business activities in China, which could negatively impact the price of our ADSs.***

As a result of the 2021 Implementing Rules, which prohibited foreign investments into or foreign parties from controlling private schools in China, on November 23, 2022, we entered a share purchase agreement to dispose all of our equity interest in Ambow China for a cash consideration of \$12.0 million (the “Sale of Ambow China”). The Sale of Ambow China was completed on December 31, 2022. After the Sale of Ambow China, we have sold all our assets and operations in China and have ceased control of all the VIEs.

***We cannot assure you that the ADSs will not be delisted from the NYSE American, which could negatively impact the price of the ADSs and our ability to access the capital markets.***

Our ADSs are currently listed on the NYSE American. We cannot give you any assurance that a broader or more active public trading market for the ADSs will develop on the NYSE American or be sustained, or that current trading levels in ADSs will be sustained. In addition, if we fail to meet the criteria set forth in SEC regulations, by law, various requirements would be imposed on broker-dealers who sell our securities to persons other than established customers and accredited investors. Consequently, such regulations may deter broker-dealers from recommending or selling the ADSs, which may further affect the liquidity of the ADSs.

We are subject to the continued listing standards of the NYSE American and our failure to satisfy these criteria may result in delisting of our ADSs. In order to maintain this listing, we must maintain a certain share price, financial and share distribution targets, including maintaining a minimum amount of shareholders’ equity and a minimum number of public shareholders. In addition to these objective standards, the NYSE American may delist the securities of any issuer (i) if, in its opinion, the issuer’s financial condition and/or operating results appear unsatisfactory; (ii) if it appears that the extent of public distribution or the aggregate market value of the security has become so reduced as to make continued listing on the NYSE American inadvisable; (iii) if the issuer sells or disposes of principal operating assets or ceases to be an operating company; (iv) if an issuer fails to comply with the NYSE American’s listing requirements; (v) if an issuer’s securities sell at what the NYSE American considers a “low selling price” which the exchange generally considers \$0.20 per share and the issuer fails to correct this via a reverse split of shares after notification by the NYSE American; or (vi) if any other event occurs or any condition exists which makes continued listing on the NYSE American, in its opinion, inadvisable.

We previously received notification from the NYSE American citing that the ADSs had been selling for a low price per share for a substantial period of time and we were not in compliance with the continued listing standards as set forth in Section 1003(f)(v) of the NYSE American Company Guide (“Company Guide”). Although in the past we have been able to cure previously cited deficiencies, there can be no assurance that we will continue to meet the NYSE American continued listing requirements. In accordance with Section 1009(h) of the Company Guide, if we are again determined to be below any of the continued listing standards in the future, the NYSE American will take the appropriate action which, depending on the circumstances, may include initiating its compliance procedures or initiating delisting proceedings.

Additionally, there are no assurances on how the market price of our ADSs will be impacted in future periods as a result of the general uncertainties in the capital markets. If the ADSs are delisted, it could reduce the price of the ADSs and the levels of liquidity available to our shareholders. In addition, the delisting of the ADSs could materially and adversely affect our access to the capital markets and any limitation on liquidity or reduction in the price of the ADSs could materially and adversely affect our ability to raise capital. Delisting from the NYSE American could also result in other negative consequences, including the potential loss of confidence by suppliers, customers and employees, the loss of institutional investor interest and fewer business development opportunities.

***The market price of our ordinary shares and the ADSs could be subject to volatility.***

The market price of our ordinary shares and the ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors such as:

- variations in our actual and perceived operating results;
- announcements of new products or services by us or our competitors;
- technological breakthroughs by us or our competitors;
- news regarding gains or losses of customers or partners by us or our competitors;
- news regarding gains or losses of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry by us or our competitors;
- changes in earnings estimates or buy/sell recommendations by financial analysts;
- potential litigation;
- general market conditions or other developments affecting us or our industry; and
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of the ordinary shares and the ADSs.

***Insiders have substantial control over us, which could adversely affect the market price of our ADSs.***

Under our Sixth Amended and Restated Memorandum and Articles of Association, our ordinary shares are divided into Class A Ordinary Shares and Class C Ordinary Shares. Holders of Class A Ordinary Shares are entitled to one vote per share, while holders of Class C Ordinary Shares are entitled to ten votes per share. Shareholdings of our executive officers and directors, and their respective affiliates, give them the power to control any actions that require shareholder approval under Cayman Islands law, our Sixth Amended and Restated Memorandum and Articles of Association, including the election and removal of any member of our board of directors, mergers, consolidations and other business combinations, changes to our Sixth Amended and Restated Memorandum and Articles of Association, the number of shares available for issuance under share incentive plans and the issuance of significant amounts of our ordinary shares in private placements. Our executive officers and directors and their respective affiliates have sufficient voting rights to determine the outcome of all matters requiring shareholder approval.

As a result of our executive officers and directors and their respective affiliates' ownership of a majority of our ordinary shares, their voting power may cause transactions to occur that might not be beneficial to you as a holder of ADSs and may prevent transactions that would be beneficial to you. For example, their voting power may prevent a transaction involving a change of control of us, including transactions in which holders of our ADSs might otherwise receive a premium for held securities over the then-current market price. Similarly, our executive officers and directors and their respective affiliates may approve a merger or consolidation of our company which may result in you receiving a stake (either in the form of shares, debt obligations or other securities) in the surviving or new consolidated company which may not operate our current business model and dissenters' rights may not be available to you in such an event. This concentration of ownership could also adversely affect the market price of our ADSs or lessen any premium over the market price that an acquirer might otherwise pay.

***We may need additional capital, and the sale of additional ADSs or other equity securities would result in additional dilution to our shareholders.***

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for more than the next 12 months. We may, however, require additional cash resources due to changed business conditions or other future developments. If our resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. To consummate these transactions, we may issue additional shares in these acquisitions that will dilute our shareholders. The sale of additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends. Our ability to raise additional funds in the future is subject to a variety of uncertainties, including:

- Our future financial condition, results of operations and cash flow;
- General market conditions for capital raising activities; and
- Economic, political and other conditions in China and elsewhere.

We cannot assure you that if we need additional cash financing it will be available in amounts or on terms acceptable to us, or at all.

***Anti-takeover provisions in our Sixth Amended and Restated Memorandum and Articles of Association may discourage, delay or prevent a change in control.***

Some provisions of our Sixth Amended and Restated Memorandum and Articles of Association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including, among other things, the following:

- Provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders; and
- Provisions that restrict the ability of our shareholders to call meetings and to propose special matters for consideration at shareholder meetings.

***You may be subject to limitations on transfer of your ADSs.***

Your ADSs are transferable on the books of the depository. However, the depository may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

***Our ADSs or Ordinary Shares may be delisted under the Holding Foreign Companies Accountable Act (“HFCA Act”) if the PCAOB is unable to adequately inspect audit documentation located in China. The delisting of our ADSs or Ordinary Shares, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct adequate inspections deprives our investors from the benefits of such inspections. Furthermore, on June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, which was enacted on December 29, 2022 under the Consolidated Appropriations Act 2023, amends the HFCA Act and requires the SEC to prohibit an issuer’s securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three.***

The Holding Foreign Companies Accountable Act, or the HFCA Act, was enacted on December 18, 2020. The HFCA Act states if the SEC determines that a company has filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit such ordinary shares from being traded on a national securities exchange or in the over-the-counter trading market in the U.S.

On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the HFCA Act. A company will be required to comply with these rules if the SEC identifies it as having a “non-inspection” year under a process to be subsequently established by the SEC. The SEC is assessing how to implement other requirements of the HFCA Act, including the listing and trading prohibition requirements described above. Furthermore, on June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, which was enacted on December 29, 2022 under the Consolidated Appropriations Act 2023, amends the HFCA Act and requires the SEC to prohibit an issuer’s securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three. On September 22, 2021, the PCAOB adopted a final rule implementing the HFCA Act, which provides a framework for the PCAOB to use when determining, as contemplated under the HFCA Act, whether the PCAOB is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction. On December 2, 2021, the SEC issued amendments to finalize the interim final rules previously adopted in March 2021 to implement the submission and disclosure requirements in the HFCA Act. The rules apply to registrants that the SEC identifies as having filed an annual report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that the PCAOB is unable to inspect or investigate completely because of a position taken by an authority in a foreign jurisdiction.

On December 16, 2021, the PCAOB issued a Determination Report which found that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in: (1) mainland China of the People’s Republic of China, because of a position taken by one or more authorities in mainland China; and (2) Hong Kong, a Special Administrative Region and dependency of the PRC, because of a position taken by one or more authorities in Hong Kong. The PCAOB has made such designations as mandated under the HFCA Act. Pursuant to each annual determination by the PCAOB, the SEC will, on an annual basis, identify issuers that have used non-inspected audit firms and thus are at risk of such suspensions in the future. On August 26, 2022, the PCAOB signed the Protocol with the CSRC and the MOF of the People’s Republic of China, governing inspections and investigations of audit firms based in mainland China and Hong Kong. The Protocol remains unpublished and is subject to further explanation and implementation. Pursuant to the fact sheet with respect to the Protocol disclosed by the SEC, the PCAOB shall have independent discretion to select any issuer audits for inspection or investigation and the unfettered ability to transfer information to the SEC.

On December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB-registered public accounting firms headquartered in China mainland and Hong Kong completely in 2022. The PCAOB Board vacated its previous 2021 determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in China mainland and Hong Kong. However, whether the PCAOB will continue to be able to satisfactorily conduct inspections of PCAOB-registered public accounting firms headquartered in China mainland and Hong Kong is subject to uncertainty and depends on a number of factors out of our, and our auditor’s, control. The PCAOB is continuing to demand complete access in China mainland and Hong Kong moving forward and is already making plans to resume regular inspections in early 2023 and beyond, as well as to continue pursuing ongoing investigations and initiate new investigations as needed. The PCAOB has indicated that it will act immediately to consider the need to issue new determinations with the HFCAA if needed. Therefore, the PCAOB may in the future determine that it is unable to inspect or investigate completely registered public accounting firms in mainland China and Hong Kong.

Our auditor, Marcum Asia CPAs LLP, the independent registered public accounting firm that issued the audit report included elsewhere in the annual report, an auditor of companies that are traded publicly in the United States and a U.S.-based accounting firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Our auditor is headquartered in Manhattan, New York and is subject to inspection by the PCAOB on a regular basis with the last inspection in 2020. As a result, we do not expect to be identified as a “Commission-Identified Issuer” under the HFCAA for the fiscal year ended December 31, 2023 after we file our annual report on Form 20-F for such fiscal year.

## GENERAL RISK FACTORS

***We may have acquisitions in the future, which involve risks and uncertainties, and if we don't manage those risks well, it may harm our business.***

In the future, we may establish and maintain joint ventures and strategic relationships with third parties. Strategic acquisitions, investments and relationships with third parties involve substantial risks and uncertainties, including:

- Our ability to identify and acquire targets in a cost-effective manner;
- Our ability to obtain approval from relevant governmental authorities for the acquisitions and comply with applicable rules and regulations for such acquisitions;
- Potential ongoing financial obligations in connection with acquisitions;
- Potential unforeseen or hidden liabilities, including litigation claims or tax liabilities, associated with acquired companies or schools;
- The diversion of resources and management attention from our existing businesses;
- Failure to achieve the intended objectives, benefits or revenue-enhancing opportunities expected from the acquisitions;
- Our ability to generate sufficient revenues to offset the costs and expenses of strategic acquisitions, investments, joint venture formations, or other strategic relationships; and
- Potential loss of, or harm to, employee or customer relationships as a result of ownership changes.

In particular, while we typically would perform due diligence on each entity that we acquire before acquisition, some of the acquired entities may not maintain their historical documents and records properly and such documents and records may be unavailable for our review. As such, there may be hidden liabilities and risks relating to the business and operation of such entities that we fail to identify before the acquisition. If we acquire such an entity and any such hidden liability is found or any such risk materializes in the future, we may not have any remedy against the sellers and may have to assume the liabilities and losses as a result.

If any one or more of these risks or uncertainties were to occur or if any of the strategic objectives contemplated is not achieved, our ability to manage our business could be impaired. It could result in our failure to derive the intended benefits of these strategic acquisitions, investments, joint ventures or strategic relationships, or otherwise have a material adverse effect on our business, financial condition and results of operations. In addition, if we fail to successfully pursue our future acquisition strategy, our plans for further market penetration, revenue growth and improved results of operations could be harmed.

***If we fail to successfully develop and introduce new services and products in time, our competitive position and ability to generate revenues could be harmed.***

Our future success depends partly on our ability to develop new services and products. The planned timing or introduction of new services and products is subject to risks and uncertainties. Actual timing may differ materially from original plans. Unexpected technical, operational or other problems could delay or prevent the introduction of one or more of our new services or products. Moreover, we cannot assure you that any of our new services and products will achieve widespread market acceptance or generate incremental revenue. If our efforts to develop, market and sell new services and products to the market are not successful, our financial position, results of operations and cash flows could be materially adversely affected.

***We rely heavily on our information systems, and if we fail to further develop our technologies, or if our systems, software, applications, database or source code contain “bugs” or other undetected errors, our operations may be seriously disrupted.***

The successful development and maintenance of our systems, software, applications and database, such as our school management software and system, learning engine and student database, is critical to the attractiveness of our online and offline programs and the management of our business operations. In order to achieve our strategic objectives and to remain competitive, we must continue to develop and enhance our technology. This may require us to acquire additional equipment and software and to develop new applications. In addition, our technology platform upon which our management systems and online programs operate, and our other databases, products, systems and source codes could contain undetected errors or “bugs” that could adversely affect their performance.

To date, our information systems have not encountered material errors or technical issues that have adversely affected or disrupted our operations. If we encounter errors or other service quality or reliability issues, or if we are unable to design, develop, implement and utilize information systems and the data derived from these systems, our ability to realize our strategic objectives and our profitability could be adversely affected, and this may cause us to lose market share, harm our reputation and brand names, and materially adversely affect our business and results of operations.

***If we fail to implement and maintain an effective system of internal controls, we may be unable to accurately report our results of operations or prevent fraud, and investor confidence may be materially and adversely affected.***

As a public company in the United States, we are subject to the reporting obligations under the U.S. securities laws. The Securities and Exchange Commission (“SEC”), as required under Section 404 of the Sarbanes-Oxley Act of 2002, has adopted rules requiring every public company to include a report of management on the effectiveness of such company’s internal control over financial reporting in its annual report. As a non-accelerated filer, we are not required to have an independent registered public accounting firm issue an attestation report on the effectiveness of our internal control over financial reporting. However, we are still required to include a report of management on the effectiveness of our company’s internal control over financial reporting in our annual report. Our management has performed an evaluation of the effectiveness of our internal controls over financial reporting as of December 31, 2023 and concluded that our internal control over financial reporting was effective as of December 31, 2023. See “Item 15. Control and Procedures.”

Nevertheless, we cannot assure you that we will maintain effective internal control over financial reporting on an ongoing basis. If we fail to maintain effective internal controls over financial reporting in the future, our management may not be able to conclude that we have effective internal control over financial reporting at a reasonable assurance level. Any failure to maintain effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could have a material and adverse effect on the trading price of our ADSs. Furthermore, we have incurred and anticipate that we will continue to incur considerable costs, management time and other resources in an effort to comply with Section 404 and other requirements of the Sarbanes-Oxley Act.

***We are dependent on the renewal and maintenance of Title IV programs.***

The Higher Education Act, which is the law authorizing Title IV programs, is subject to periodic reauthorization. Congress completed the most recent reauthorization through multiple pieces of legislation and may reauthorize the HEA in a piecemeal manner in the future. Additionally, Congress determines the funding level for each Title IV program on an annual basis. Any action by Congress that significantly reduces funding for Title IV programs or the ability of our school or students to participate in these programs could materially harm our business. A reduction in government funding levels could lead to lower enrollments at our school and require us to arrange for alternative sources of financial aid for our students. Lower student enrollments or our inability to arrange such alternative sources of funding could adversely affect our business.

***We are subject to compliance reviews, which, if they result in a material finding of noncompliance, could affect our ability to participate in Title IV programs.***

Because we operate in a highly regulated industry, we are subject to compliance reviews and claims of noncompliance and related lawsuits by government agencies, accrediting agencies, and third parties, including claims brought by third parties on behalf of the federal government. For example, the Department of Education regularly conducts program reviews of educational institutions that are participating in Title IV programs, and the Office of Inspector General of the Department of Education regularly conducts audits and investigations of such institutions. The Department of Education could limit, suspend, or terminate our participation in Title IV programs or impose other penalties such as requiring us to make refunds, pay liabilities, or pay an administrative fine upon a material finding of noncompliance.

***If we fail to maintain any of our state authorizations, we would lose our ability to operate in that state and to participate in Title IV programs in that state.***

Our U.S. colleges must be authorized to operate by the appropriate postsecondary regulatory authority in each state in which the institution is located. Campuses of our U.S. colleges are authorized to operate and grant degrees, diplomas, or certificates by the applicable education agency of the state in which each such campus is located. Such state authorization is required for students at the campus to participate in Title IV programs. The loss of state authorization would, among other things, render the affected institution ineligible to participate in Title IV programs, at least at those state campus locations, and otherwise limit that school's ability to operate in that state. Loss of authorization in one or more states could increase the likelihood of additional scrutiny and potential loss of operating and/or degree-granting authority in other states in which we operate, which would further impact our business. If these pressures and uncertainty continue in the future, or if one or more of our institutions are unable to offer programs in one or more states, it could have a material adverse impact on our enrollment, revenue, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

***Our failure to comply with the Department of Education's incentive compensation rules could result in sanctions and other liability.***

If we pay a bonus, commission, or other incentive payment in violation of applicable Department of Education rules or if the Department of Education or other third parties interpret our compensation practices as such, we could be subject to sanctions or other liability, which could have a material adverse effect on our business.

***Our failure to comply with the Department of Education's misrepresentation rules could result in sanctions and other liability.***

The Higher Education Act prohibits an institution that participates in Title IV programs, its employees and agents from engaging in "substantial misrepresentation" of the nature of its educational programs, its financial charges, or the employability of its graduates. These regulations may, among other things, subject us to sanctions for statements containing errors made to non-students, including any member of the public, impose liability on us for the conduct of others and expose us to liability even when no actual harm occurs. A "substantial misrepresentation" is any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment. We may face complaints from students and prospective students over statements made by us and our agents in advertising and marketing, during the enrollment, admissions and financial aid process, and throughout attendance at any of our U.S. colleges, which would expose us to increased risk of enforcement action and applicable sanctions or other penalties.

In the event of substantial misrepresentation, the Department of Education may revoke an institution's program participation agreement, limit the institution's participation in Title IV programs, deny applications from the institution, such as to add new programs or locations, initiate proceedings to fine the institution or limit, suspend, or terminate its eligibility to participate in Title IV programs, a requirement to post a substantial letter of credit. If the Department of Education or other third parties interpret statements made by us or on our behalf to be in violation of the new regulations, any of the foregoing actions could have a material adverse effect on our business, financial condition, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

***Our failure to comply with the Department of Education's credit hour rule could result in sanctions and other liability.***

Effective July 1, 2011, Title IV regulations define the term "credit hour" and require accrediting agencies and state authorization agencies to review the reliability and accuracy of an institution's credit hour assignments. If an accreditor does not comply with this requirement, its recognition by the Department of Education could be jeopardized. If an accreditor identifies systematic or significant noncompliance in one or more of an institution's programs, the accreditor must notify the Secretary of Education. If the Department of Education determines that an institution is out of compliance with the credit hour definition, the Department of Education could impose liabilities or other sanctions, which could have a material adverse effect on our business, financial conditions, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate.

***We are subject to sanctions if we fail to calculate accurately and make timely payment of refunds of Title IV program funds for students who withdraw before completing their educational programs.***

The Higher Education Act and Department of Education regulations require us to calculate refunds of unearned Title IV program funds disbursed to students who withdraw from their educational programs before completing it. If refunds are not properly calculated or timely paid, we may be required to post a letter of credit with the Department of Education or be subject to sanctions or other adverse actions by the Department of Education, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

***Investigations, legislative and regulatory developments, and general credit market conditions related to the student loan industry may result in fewer lenders and loan products and increased regulatory burdens and costs.***

The Higher Education Act regulates relationships between lenders to students and post-secondary education institutions. In 2009, the Department of Education promulgated regulations that address these relationships, and state legislators have also passed or may be considering legislation related to relationships between lenders and institutions. In addition, new procedures introduced, and recommendations made by the Consumer Financial Protection Bureau create uncertainty about whether Congress will impose new burdens on private student lenders. These developments, as well as legislative and regulatory changes, such as those relating to gainful employment and repayment rates, creating uncertainty in the industry and general credit market conditions, may cause some lenders to decide not to provide certain loan products and may impose increased administrative and regulatory costs. Such actions could reduce demand for, and/or availability of private education loans, decrease U.S. college's non-Title IV revenue, and thereby increase their 90/10 ratio, and have a material adverse effect on our business.

***Enforcement of laws related to the accessibility of technology continues to evolve, which could result in increased information technology development costs and compliance risks.***

Our U.S. colleges' online education programs are made available to students through personal computers and other technological devices. For each of these programs, the curriculum makes use of a combination of graphics, pictures, videos, animations, sounds, and interactive content. Federal agencies, including the Department of Education and the Department of Justice, have considered or are considering how electronic and information technology should be made accessible to persons with disabilities. For example, Section 504 of the Rehabilitation Act of 1973, or Section 504, prohibits discrimination against a person with a disability by any organization that receives federal financial assistance. The Americans with Disabilities Act, or the ADA, prohibits discrimination based on disability in several areas, including public accommodations. In 2010, the Department of Education's Office for Civil Rights, which enforces Section 504, together with the Department of Justice, asserted that requiring the use of technology in a classroom environment when such technology is inaccessible to individuals with disabilities violates Section 504, unless those individuals are provided accommodations or modifications that permit them to receive all the educational benefits provided by the technology in an equally effective and integrated manner. If our U.S. colleges are found to have violated Section 504, they may be required to modify existing content and functionality of their online classroom or other uses of technology, including through the adoption of specific technical standards. As a result of such enforcement action, or as a result of new laws and regulations that require greater accessibility, our U.S. colleges may have to modify their online classrooms and other uses of technology to satisfy applicable requirements, which could require substantial financial investment. As with all nondiscrimination laws that apply to recipients of federal financial assistance, an institution may lose access to federal financial assistance if it does not comply with Section 504 requirements. In addition, private parties may file or threaten to file lawsuits alleging failure to comply with laws that prohibit discrimination on the basis of disability, such as the ADA, and defending against such actions may require our U.S. colleges to incur costs to modify its online classrooms and other uses of technology and costs of litigation.

***We may not be able to pay any dividends on our Class A ordinary shares and, correspondingly, the ADSs.***

We can give no assurance that we will declare dividends of any amounts, at any rate or at all in the future. Our historical dividend payments are not indicative of the amount or timing of the payment of dividends that may be payable in the future and should not be used as a reference or basis to determine the amount of such dividends. The declaration of future dividends, if any, will be at the discretion of our board of directors and will depend upon our future operations and earnings, capital requirements, general financial conditions, legal and contractual restrictions and other factors that our board of directors may deem relevant.

***If we cease to qualify as a foreign private issuer, we would be required to comply fully with the reporting requirements of the Exchange Act applicable to U.S. domestic issuers, and we would incur significant legal, accounting and other expenses that we would not incur as a foreign private issuer.***

As a foreign private issuer, we are exempt from the rules under the Securities Exchange Act of 1934, or the Exchange Act, prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. domestic issuers, and we are not required to disclose in our periodic reports all of the information that U.S. domestic issuers are required to disclose. While we currently qualify as a foreign private issuer, we may cease to qualify as a foreign private issuer in the future. If we do not qualify as a foreign private issuer, we will be required to comply fully with the reporting requirements of the Exchange Act applicable to U.S. domestic issuers, and we will incur significant legal, accounting and other expenses that we would not incur as a foreign private issuer.

***We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequence to U.S. holders of our ADSs or ordinary shares.***

We believe we were not a “passive foreign investment company”, or PFIC, for U.S. federal income tax purposes for our taxable year ended December 31, 2023. However, a separate determination must be made each year as to whether we are a PFIC (after the close of each taxable year) and we cannot make assurances that we will not be a PFIC for the year ending December 31, 2023 or any future taxable year. A foreign (non-U.S.) corporation will be considered a PFIC for any taxable year if either (1) at least 75% of its gross income is passive income, or (2) at least 50% of the value of its assets (generally based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. PFIC status depends on the composition of our assets and income and the value of our assets (including, among others, a pro rata portion of the income and assets of each subsidiary in which we own, directly or indirectly, at least 25% (by value) of the equity interest) from time to time. Because we currently hold, and expect to continue to hold, a substantial amount of cash or cash equivalents, which are generally treated as passive assets, and, because the calculation of the value of our assets may be based in part on the value of our ADSs, which is likely to fluctuate, we may be a PFIC for any taxable year. If we were treated as a PFIC for any taxable year during which a U.S. Holder (as defined in the section entitled “Taxation – U.S. Federal Income Taxation – General”) held an ADS or an ordinary share, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. See “Item 10.E—Taxation—United States federal income taxation—Passive foreign investment company.”

***The laws of the Cayman Islands may not provide our shareholders with benefits comparable to those provided to shareholders of corporations incorporated in the United States.***

Our corporate affairs are governed by our Sixth Amended and Restated Memorandum and Articles of Association, by the Companies Law (as amended) of the Cayman Islands and by the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law in the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands and from English common law. Decisions of the Privy Council (which is the final Court of Appeal for British Overseas Territories such as the Cayman Islands) are binding on a court in the Cayman Islands. Decisions of the English courts, and particularly the House of Lords and the Court of Appeal are generally of persuasive authority but are not binding in the courts of the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands have a less developed body of securities laws relative to the United States. Therefore, our public shareholders may have more difficulty protecting their interests in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States. In addition, shareholders of Cayman Islands companies may not have standing to initiate a shareholder derivative action before the federal courts of the United States. The Cayman Island courts are also unlikely to impose liability against us in original actions brought in the Cayman Islands, based on certain civil liabilities provisions of U.S. securities laws. See “Item 10.B—Additional Information—Memorandum and Articles of Association.”

***The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to vote the ordinary shares underlying your ADSs.***

Holders of our ADSs will only be able to exercise their voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depository. Upon receipt of voting instructions, the depository will vote the underlying ordinary shares in accordance with these instructions. You will not be able to directly exercise your right to vote with respect to the underlying ordinary shares unless you withdraw the shares. Under our Sixth Amended and Restated Memorandum and Articles of Association, the minimum notice period required for convening a shareholder meeting is 10 days. When a shareholder meeting is convened, you may not receive sufficient advance notice to withdraw the ordinary shares underlying your ADSs to allow you to vote with respect to any specific matter. If we ask for your instructions, the depository will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depository to vote your shares. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to vote and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested.

***Holders of our ADSs may not be able to participate in rights offerings and may experience dilution of your holdings as a result.***

We may, from time to time, distribute rights to our shareholders, including rights to acquire our securities. Under the deposit agreement for the ADSs, the depository will not offer those rights to ADS holders unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act, or exempt from registration under the Securities Act with respect to all holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or underlying securities or to endeavor to cause such a registration statement to be declared effective. In addition, we may not be able to take advantage of any exemptions from registration under the Securities Act. Accordingly, holders of our ADSs may be unable to participate in rights offerings we make and may experience dilution in their holdings as a result.

***Holders of our ADSs may not receive distributions on our ordinary shares or any value for them if such distribution is illegal or if any required government approval cannot be obtained in order to make such distribution available to you.***

The depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depository is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depository may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depository may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of our ADSs.

#### **Item 4. Information on the Company**

Ambow Education Holding Ltd. is not an operating company but a Cayman Islands holding company with operations primarily conducted by its subsidiaries in the U.S. Investors in our securities should be aware that they may never directly hold equity interests in our operating entities but rather are purchasing equity solely in Ambow Education Holding Ltd., our Cayman Islands holding company, which does not directly own substantially all of our business conducted by our U.S. subsidiaries.

##### **A. History and Development of the Company**

Our founder, Dr. Jin Huang, laid the foundation for Ambow in 2000. Spanning the inception year through January 2017, our strategic business concentration was primarily oriented toward the Chinese market. During this period, Ambow Corporation meticulously conducted its operations through an intricate network of subsidiaries located within the People's Republic of China (PRC) and various Variable Interest Entities (VIEs). This organizational structure was designed to navigate the complex regulatory environment of China, relying on a sophisticated series of contractual arrangements. These arrangements were carefully established among our PRC subsidiaries, the VIEs and the shareholders of the VIEs, thereby enabling us to adeptly manage and execute our business operations within China. This framework facilitated our compliance with local regulations while also ensuring the seamless execution of our strategic initiatives within the Chinese market.

Beginning in 2017, we started to expand our U.S. operation. We established Ambow BSC Inc. on February 14, 2017. Ambow BSC Inc. is a 100% subsidiary of ours. On November 20, 2017, Ambow BSC Inc. acquired 100% of the outstanding shares of common stock of Bay State College Inc. Bay State College Inc. is a Massachusetts corporation that owns and operates Bay State College, a higher education institution offering career-focused post-secondary educational services with associates and bachelor's programs in Business, Information Technology, Healthcare, Criminal Justice and Fashion. Bay State College was founded in 1946, is accredited by the New England Association of Schools and Colleges, Commission on Institutions of Higher Education and is eligible to participate in federal student aid programs under Title IV of the U.S. Higher Education Act. Bay State College's academic programs were delivered at its main campus in Boston, Massachusetts, a branch campus in Taunton, Massachusetts and online.

In June 2018, we completed a public offering of 2,070,000 ADSs at \$4.25 per ADS. Each ADS represents two Class A ordinary shares of the Company. On June 1, 2018, our ADSs commenced trading on the NYSE American under the symbol "AMBO."

We established Ambow NSAD Inc. on May 8, 2019. Ambow NSAD Inc. is a 100% subsidiary of ours. On March 6, 2020, Ambow NSAD Inc. acquired 100% of the members' interest in NewSchool of Architecture & Design. NewSchool is a for-profit institution of higher education based in San Diego, California, with bachelor's and master's programs in Architecture, Construction Management, Product Design, Graphic Design & Interactive Media, and Interior Architecture and Design. NewSchool is regionally accredited by the Western Association of Schools and Colleges Senior College and University Commission and is eligible to participate in federal student aid programs under Title IV of the U.S. Higher Education Act.

On October 5, 2020, we completed a registered direct offering for the issuance of 1,507,538 ADSs (representing 3,015,076 Class A ordinary shares) at a purchase price of \$3.98 per ADS.

To comply with the 2021 Implementing Rules, on November 23, 2022, we entered a share purchase agreement to dispose all of our equity interest in Ambow China for a cash consideration of \$12.0 million (the "Sale of Ambow China"). The Sale of Ambow China was completed On December 31, 2022. After the Sale of Ambow China, we sold all our assets and operations in China and ceased control over the VIEs. As of the date of this annual report, we do not have any business operations and/or assets in China.

On February 28, 2023, we completed the issuance of 2,500,000 ADSs (representing 5,000,000 Class A ordinary shares of the Company) at a purchase price of \$0.80 per ADS and accompanying warrants to purchase 1,000,000 ADSs (representing 2,000,000 Class A ordinary shares of the Company) at a purchase price of \$0.80 per ADS, in a private placement.

On April 11, 2023, the Board of Trustees voted to permanently close Bay State College at the end of the 2022-2023 academic year, and this permanent closer was completed on August 31, 2023.

During 2023, we debuted HybriU marking a significant milestone in the evolution of digital education solutions, establishing itself as the education market's inaugural fully integrated, interactive AI-powered platform that seamlessly bridges online and offline instruction. Specifically tailored for the education industry, HybriU underscores the Company's commitment to leveraging AI technology to drive educational advancements. With its operations rooted in the United States, the Company is at the forefront of the AI technology-driven educational sector, positioned to revolutionize the way educational content is delivered and experienced. This launch not only signifies a pivotal leap forward in educational technology but also reinforces the Company's dedication to enriching the learning journey through innovative and adaptive solutions.

#### *Recent Developments*

On March 7, 2024, the company announced the appointment of Norm Allgood as fractional Head of HybriU, effective immediately. In this newly established position, Mr. Allgood will lead the dissemination and implementation of HybriU, Ambow's cutting-edge, AI-driven hybrid learning solution for education and workforce training.

#### **Principal Executive Office**

Our principal executive offices are located at 19925 Stevens Creek Blvd, Cupertino, CA 95014, United States of America. Our telephone number at this address is +1 628-888-4587. Our registered office of the Cayman Islands companies is ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1—1203. Our registered office telephone number is + 86 21 6428 9510-815.

#### **Where You Can Find More Information**

The SEC maintains an Internet site that contains reports filed by Ambow at [www.sec.gov](http://www.sec.gov).

#### **B. Business Overview**

Our current mission is to empower educational institutions, educators and students by delivering AI and connectivity solutions specifically crafted for the educational sector. Leveraging our HybriU technology alongside the NewSchool of Architecture & Design in San Diego, California, Ambow is devoted to delivering, personalized, career education services with sophisticated AI-driven digital education technologies and solutions.

Our proprietary AI-driven digital education solution, HybriU, specifically targets the evolving challenges within the hybrid learning and course recording arena, positioning itself as the solution for the contemporary educational landscape. Acknowledging trends toward a seamless blend of in-person and remote instruction, Ambow has innovated its HybriU platform, creating a transformational hybrid classroom model.

HybriU is engineered to fulfill the unmet needs of the higher learning and workforce training markets, offering capabilities beyond the conventional online video correspondence tools. It facilitates a comprehensive integration of online and offline classroom discussions, incorporates instant AI translation, and enables simultaneous content creation. This innovative approach fosters a truly immersive learning environment, ensuring a cohesive connection between in-person classroom settings and remote participants, irrespective of geographic location or language barriers.

#### **Our services and products**

As staunch advocates for "Education for Employment," we deliver educational programs that are meticulously designed to align with the evolving demands of the contemporary job market, through our wholly owned subsidiaries. This portfolio includes the Bay State College in Boston, which concluded its operations in August 2023, and NewSchool of Architecture & Design located in San Diego, California. Each institution within Ambow's network is dedicated to providing specialized, industry-aligned educational services designed to empower students to achieve excellence in their chosen careers.

Prior to the closure of Bay State College in Boston, it was recognized for its diverse array of programs that imparted practical skills and relevant academic knowledge across various sectors, including healthcare, business and information technology.

NewSchool of Architecture & Design, situated in the dynamic city of San Diego, stands as a pillar of innovation and excellence in architectural and design education. The institution is distinguished by its rigorous curriculum that prioritizes design thinking, sustainability and social responsibility. Offering a wide range of programs in architecture, interior design, product design and urban design, NewSchool adeptly prepares students for the modern challenges and demands of the architectural and design industries. The school's dedication to practical application, combined with its global perspective and diverse faculty, ensures a comprehensive education that is perfectly attuned to the AI age.

Our growth trajectory is set to be significantly accelerated by the introduction of our most recent innovation: the HybriU AI digital education solution. This initiative is a strategic exploration into the application of artificial intelligence with the goal of transforming the educational landscape. HybriU is designed to integrate with existing educational infrastructures, providing a sophisticated, interactive platform that accommodates both online and offline modes of learning.

Tailored to address the specific demands of the education sector, this AI-powered solution is anticipated to substantially enhance educational outcomes, refine pedagogical strategies, and deliver personalized learning experiences on a previously unattainable scale. This deliberate shift toward a revolutionary educational model reaffirms Ambow's unwavering dedication to spearheading innovations in educational technology, meeting the changing needs of learners globally with agility and insight.

### **Student recruitment and retention**

We employ a variety of marketing and recruiting methods to attract students and increase enrollment in our schools. We believe prospective students are attracted to schools due to our strong brand name, innovative teaching and learning models and practices, and high-quality, individualized services. With the deployment and utilization of HybriU, a rapid increase in the number of out-of-state students, international students, and auditors enrollment is expected in the future. The longer and more frequently a student uses our services and products, the more effective and efficient the services and content we can provide them, thus enhancing students' stickiness to utilize our services throughout their learning cycle.

### **Our technology infrastructure**

#### *HybriU Vision*

We believe HybriU is transforming the educational landscape: the distinction between online and in-person learning is abolished, linguistic and geographic limitations are overcome, and the gap between academic theory and practical application is bridged. Our mission is to foster a universally accessible and interconnected learning experience, blending theoretical insights with hands-on practice. We aim to craft an educational framework that is universally accessible, seamlessly melding classroom learning with practical, real-world experience. Through this innovative approach, we are committed to providing students with the essential skills and knowledge required to succeed in a constantly changing global environment.

#### *HybriU AI Digital Education Engine*

We believe the HybriU AI Digital Education Engine ("The HybriU AI Digital Education Engine") represents a significant milestone in the evolution of educational technologies, providing a holistic solution poised to redefine the conventional educational paradigm. This avant-garde platform stands at the forefront of the digital education revolution, epitomizing our unwavering commitment to dismantling the traditional barriers that have historically compartmentalized the educational landscape.

We believe, HybriU meticulously addresses five quintessential components of the educational ecosystem at its foundation: Teaching, Learning, Recording, Connecting and Management. These domains are thoroughly augmented through the strategic application of leading-edge artificial intelligence and comprehensive big data analytics, ensuring a streamlined, efficacious and bespoke educational experience.

#### *Teaching*

The HybriU AI Digital Education Engine is expected to leverage sophisticated AI technologies to endow educators with automated instructional highlights, thereby optimizing teaching efficacy and fostering a more personalized learning environment.

We believe this platform is revolutionizing the learning environment by automating the dissemination of lecture transcripts directly into student accounts. This advancement promotes a dynamic and interactive learning process, wherein students are not merely passive recipients of information but are actively engaged through highlighting, annotating and seeking elucidations from an AI assistant. Such interactive engagements are carefully analyzed to provide educators with insightful data on students' comprehension and interaction patterns.

The feedback mechanism facilitated by this data analysis constitutes a cornerstone of the HybriU ecosystem, enabling a perpetually evolving educational experience. Educators are furnished with immediate feedback, enabling them to adjust their teaching methods and enhance educational outcomes. This paradigm shift toward a responsive and learner-centric educational model highlights the transition from mere content delivery to the cultivation of deep, meaningful interactions with educational material.

### **Learning**

We believe HybriU transforms the learning experience by automating the transcription of lectures, making them directly available in students' accounts. This innovation enables students to engage with content interactively through annotations and personal reflections, facilitating a personalized educational journey. The platform's AI assistant is instrumental in this process, offering clarifications and deepening student comprehension. Further, the provision for multilingual learning empowers students from diverse linguistic backgrounds to partake in their education in the language of their preference.

### **Recording**

The HybriU AI Digital Education Engine's high-quality content creation feature is designed to seamlessly integrate with both in-classroom teaching and online instruction modalities. We believe this capability guarantees that exceptionally high-quality, AI-generated content is consistently produced regardless of the instructional mode—whether engaging with students directly in a traditional classroom or through digital platforms.

This approach allows for the creation of high-quality educational content in real time, reducing the workload for educators in preparing material. This frees up more time for them to focus on teaching and engaging with students.

Moreover, this functionality ensures that all generated content, whether from live classroom sessions or online teaching activities, upholds a standard of excellence and relevance, addressing the diverse preferences and learning styles of students. By adopting this technology, HybriU endeavors to reconcile the disparities between traditional and digital educational methodologies, delivering a cohesive and enriched learning experience across various teaching landscapes.

### **Connecting**

HybriU champions multi-site teaching and hybrid educational models, enabling students the flexibility to participate in classes either in-person or remotely. The platform's real-time interaction capabilities are crucial in bridging the divide between remote learners and conventional classroom settings. It facilitates real-time engagement between remote classrooms and in-class activities, with video content seamlessly integrated into classroom screens. This fosters a symbiotic interaction between online and offline students, significantly enriching the educational experience.

HybriU's dedication to fostering an inclusive educational ecosystem is manifest in its multilingual support and the introduction of remote laboratories in both 2D and 3D formats. These innovations ensure that all students, irrespective of their geographic location or linguistic proficiency, have access to a high-quality, engaging and comprehensive education.

### **Management**

HybriU also introduces management tools, permitting administrators to directly monitor live classes for quality assurance. This feature ensures consistent adherence to educational standards. Additionally, the platform's capacity for automatic content generation streamlines the review process.

### ***HybriU AI Digital Education Solutions***

The HybriU AI Digital Education Solution (“The HybriU AI Digital Education Solution”) is a comprehensive suite that transforms the educational environment, bridging the gap between traditional methods and the future of digital learning. This solution combines sophisticated software and hardware to create an AI-powered digital and hybrid classroom, designed to enhance educational delivery and engagement.

At the heart of HybriU lies the innovative application of artificial intelligence, which streamlines the teaching process and elevates the learning experience. It enables one-click start functionalities, where high-quality video lessons are automatically generated, and seamlessly connects teaching computers to live rooms, ensuring that both teacher and teaching computer screens are auto-recorded and integrated into the live teaching session. This feature-rich platform supports multi-site teaching, allowing educators to reach students across various locations without compromising the quality of instruction or engagement.



HybriU excels in facilitating academic seminars, expert lectures, international conferences, collaborative research and meetings, making it an invaluable tool for academic institutions. Moreover, it extends its capabilities to practical skills training by combining instructional views with technical demonstrations, thereby offering a holistic view of both theory and practice.



A notable feature of the HybriU solution is its ability to break down the boundaries between academia and industry, bringing industry labs to life within university classrooms. This is further enhanced by immersive teaching tools like 3D LED walls, which provide a dynamic and engaging learning environment.

HybriU’s AI-driven functionalities include teacher tracking to always keep the focus on the instructor and automatic switching to discussion mode for interactive sessions. This ensures real-time interaction and a synchronous online and offline hybrid education experience for both on-site and remote students.

Driven by the HybriU AI Digital Education Engine, the HybriU AI Digital Education Solution offers a suite of sophisticated AI tools and algorithms that seamlessly integrate with existing educational frameworks to enhance teaching effectiveness, learning outcomes and operational efficiencies. By harnessing the capabilities of big data analytics, HybriU provides actionable insights that empower educators to tailor their instructional methods to the unique needs of each student, ensuring an optimized learning journey.

**Key Features:**

**Adaptive Learning.** HybriU enhances its functionality beyond mere student engagement, adeptly addressing the complex dynamics of traditional classroom settings. The platform’s sophisticated adaptive learning system empowers classroom lectures to dynamically modify content and instructional strategies based on real-time feedback and interactive data from students. This innovative approach ensures a more personalized and effective learning experience, catering to the individual needs and comprehension levels of students, thus fostering an environment where teaching is as responsive as it is enlightening.

**Automated Content Generation.** HybriU’s content generation features notably alleviate the pressures of educational content creation, empowering educators to devote their efforts to crafting and delivering high-impact, engaging lessons. This capability spans both traditional classroom environments and online platforms, ensuring that regardless of the teaching context, instructors can focus on the core aspects of education—engagement and impact.

**Interactive and Immersive Learning.** HybriU significantly enriches the educational journey by incorporating interactive annotated transcriptions alongside an AI assistant, enhancing the way students engage with and comprehend lecture material. Additionally, the introduction of 3D technology offers a more immersive learning experience, enabling students to explore complex concepts in a visually engaging and interactive manner. This blend of annotated transcriptions for deeper content engagement, AI for personalized assistance, and 3D visualization for immersive learning, collectively transforms the traditional classroom into a dynamic and interactive learning environment, tailored to meet the diverse needs of students in the digital age.

**Multilingual Support.** HybriU effectively dismantles language barriers by providing comprehensive multilingual support, facilitating learners' access to live HybriU-powered classrooms and enabling the review of recorded educational content in their preferred language, thus widening access and participation on a global scale.

**Real-Time Analytics and Feedback.** The solution's real-time analytics dashboard provides educators with immediate feedback on student progress and class performance, facilitating timely interventions and personalized support.

**Seamless Integration and Scalability.** Designed for flexibility, HybriU integrates smoothly with existing Learning Management Systems (LMS) and scales to meet the demands of institutions of any size, without compromising on performance or security. HybriU as an interactive tool within Learning Management Systems (LMS) provides a seamless blend of in-class and remote learning experiences. Here's how it functions:

**Pre-Class Preparation.** Instructors can set up the HybriU link within the LMS before the class session begins. This preparation ensures that all students, regardless of their location, have access to the upcoming live class.

**Live Participation.** Students unable to attend the classroom in person can join the class live through the HybriU link provided in the LMS. This feature enables real-time participation, ensuring that remote students are as much a part of the class as those physically present.

**Post-Class Content.** After the class concludes, the instructor reviews the recorded content to ensure it meets quality standards and then posts the link to the recorded session back in the LMS. This allows all students to access the lecture content at their convenience for review or in case they missed the live session.

This approach enhances the flexibility and accessibility of education, allowing students to engage with their courses more effectively. By integrating HybriU as an interactive tool within LMS platforms, educators can provide a more inclusive, interactive, and adaptable learning experience, catering to the needs of both in-person and remote students. This integration also underscores the versatility of HybriU in complementing traditional LMS functionalities with advanced interactive capabilities.

We believe the HybriU AI Digital Education Solution not only enhances the quality and accessibility of education but also prepares institutions to navigate the future of digital learning with confidence.

### **Intellectual property**

We have developed our proprietary technology over the past decade. Our brand, tradename and other intellectual property rights distinguish our services and products from those of our competitors, contributing to our competitive advantages in our target markets. To protect our brand and other intellectual property, we rely on a combination of trademark, copyright, trade secret laws and confidentiality agreements with our employees, contractors and others.

Our main website is [www.ambow.com](http://www.ambow.com). We have also registered certain domain names, including [www.hybriu.com](http://www.hybriu.com). In addition to building "Ambow" as a stand-alone brand, we intend to continue to co-brand "Ambow" with the brands of our acquired schools and programs for the foreseeable future in order to fully leverage their established local presence and reputation.

We cannot be certain that our efforts to protect our intellectual property rights will be adequate or that third parties will not infringe or misappropriate these rights. There can also be no assurance that competitors will not develop similar intellectual properties independently. If others are able to copy and use our programs and services, we may not be able to maintain our competitive position.

## **Selling and marketing**

HybriU is strategically positioned for deployment across large U.S. markets, targeting schools, colleges, universities and corporations that have traditionally depended on offline instruction and training. Our focus includes elite universities aiming to extend their course offerings to audit students worldwide, as well as smaller colleges looking to boost enrollment with out-of-state and international students. Furthermore, HybriU seeks to serve industry-leading corporations, facilitating the connection of the global workforce with regional or international offices, external trainers or academic institutions. This approach broadens educational access and participation on a global scale as well as supports the dynamic needs of today's diverse learning and training environments.

To promote our brands in the fragmented education market, we selectively and systematically market HybriU and build our brand names through a range of different marketing programs. By doing so, we intend to continue implementing a standard corporate identity across all nations. Our marketing efforts across different national markets focus primarily on:

- Sponsoring charity and social events and forums around key educational events to build up our trustworthy corporate image;
- Enhancing brand and product promotion through search engine optimization on major internet search engines such as Google, etc.;
- Engaging in promotion through social media platforms and cooperation with social media influencers to maintain close interactions with potential users;
- Providing trial use of our products through website and marketing events to attract interested customers;
- Hosting industry summits with key corporate partners and participating in prestigious education conferences and events;

## **Competition**

We face direct competition in each geographic market and each business segment in which we operate. We believe that the principal competitive factors in our markets include the following:

- Alignment of individualized programs, services and products to the specific needs of students, parents, educators and employers;
- Overall customer experience;
- Scope and quality of programs, service and product offerings;
- Proximity of services to the customers;
- Brand recognition and reputation of service providers; and
- Ability to effectively market programs, services and products to a broad base of prospective students, educators and relevant institutions.

HybriU sets itself apart from platforms like Zoom, Google Meet and Microsoft Teams by integrating AI-driven software and hardware solutions that transcend mere online interactions. Our platform enables seamless, real-time engagement between online students and offline classroom participants, including both educators and students. This unique integration ensures all participants, regardless of their geographical location, can actively engage in the educational process. They can participate in discussions, engage in group activities, and receive instant feedback, thereby bridging the gap between traditional in-person learning environments and virtual classrooms. This innovative approach fosters a cohesive, interactive learning experience that promotes inclusivity and equal participation among all learners. We believe HybriU is redefining the educational landscape, providing an integrated classroom experience that caters to the diverse needs of today's students and educators.

However, some of our existing and potential competitors may have more resources than us. These competitors may be able to devote greater resources than we can to the development, promotion and sale of their programs, services and products and respond more quickly than we can to changes in customer demands, market needs or new technologies. In addition, we face competition from many different organizations that focus on some of our targeted markets, which may be more responsive to changes in student preferences in these markets.

In addition, the spread of the Internet and advancements in Internet and information technologies are eliminating geographic and cost-entry barriers to providing private educational and career enhancement services. As a result, many smaller companies are able to use the Internet to quickly and cost-effectively offer their programs, services and products to a large number of students with less capital expenditure than was previously required.

**Seasonality**

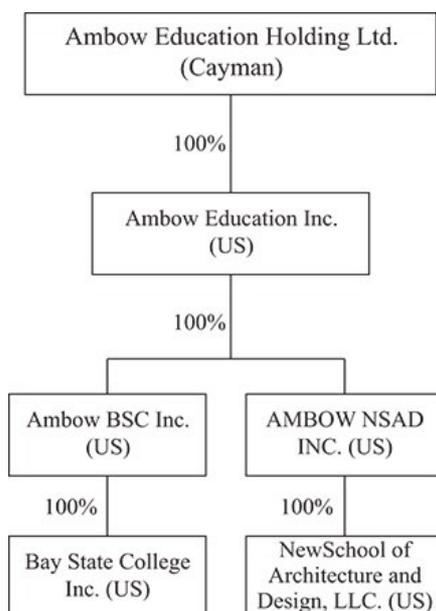
Our business is subject to seasonal variations. Historically, there are fewer educational service activities during the third quarter due to the summer break.

**Regulations**

Our business activities are subject to various federal, state, local and foreign laws, rules and regulations. Compliance with these laws, rules and regulations has not had and is not expected to have, a material effect on our capital expenditures, results of operations, and competitive position as compared to prior periods. Nevertheless, compliance with existing or future governmental regulations, including, but not limited to, those pertaining to consumer and data protection, and taxes, could have a material impact on our business in subsequent periods. For more information on the potential impacts of government regulations affecting our business, see “Risk Factors” under “Item 3 – Key Information.”

**C. Organizational Structure**

The diagrams below illustrate our corporate structure with respect to each of our significant subsidiaries and the place of incorporation of each named entity as of December 31, 2023, and as of the date of this annual report.



(1) Certain non-operating entities included in the structure above are to be cancelled.

Ambow, Ambow Education Inc., Ambow NSAD Inc., Ambow BSC Inc., Bay State College, NewSchool are the offshore principal operating entities. Their functional currency is US\$.

**D. Dividends and Other Distributions**

See “*Item 3. Key Information — D. Risk Factors — General Risk Factors - Our subsidiaries and affiliated entities in China are subject to restrictions on making dividends and other payments to us or any other affiliated company.*”, and “*Item 8. Financial Information — A. Consolidated Financial Statements and other Financial Information — Dividends.*”

**E. Property, Plant and Equipment**

Our headquarters are located in California, USA, where we lease approximately 70,190 square feet of office and campus space. In addition, we lease certain properties for our career-enhancement college campuses. We believe that our existing facilities are adequate for our current business operations and will be able to enter into lease arrangements on commercially reasonable terms for future expansion.

**Item 4A Unresolved Staff Comments**

Not applicable.

**Item 5. Operating and Financial Review and Prospects**

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our consolidated financial statements for the periods specified including the notes thereto included elsewhere in this annual report on Form 20-F as well as “Item 3.A Key Information—Selected Consolidated Financial Data.” We undertake no obligation to update publicly any forward-looking statements in this annual report on Form 20-F. We are omitting the discussion of the 2021 results of operations. Our financial statements as of and for the year ended December 31, 2021 can be found under Item 5A in our Annual Report on Form 20-F for the fiscal year ended December 31, 2021, filed on May 2, 2022, and is available for review at [www.sec.gov](http://www.sec.gov).

**A. Operating Results**

**Overview**

We position ourselves at the future of education innovation by delivering AI and connectivity solutions specifically crafted for the educational sector, empowering educational institutions, educators and students. Through our HybriU technology and partnership with the esteemed NewSchool of Architecture & Design in San Diego, Ambow is committed to offering personalized, impactful vocational education services, as well as AI-driven digital education technology and solutions.

Our proprietary AI-driven digital education solution HybriU is specifically tailored to address the evolving challenges in blended learning and course recording. Acknowledging trends toward seamless integration of face-to-face and remote learning, Ambow has innovated the HybriU platform, significantly improving educational outcomes and increasing enrollment numbers, transforming the blended classroom model.

Our net revenues from continuing operations decreased from \$14.8 million in 2022 to \$9.2 million in 2023. The decrease from 2022 to 2023 was primarily attributed to the conclusion of its operation of Bay State College in August 2023.

Our net loss from continuing operations narrowed in 2023 to \$3.2 million from \$9.3 million in 2022.

## Recent Developments

### Bay State College Accreditation

On January 19, 2023, the New England Commission of Higher Education (“NECHE”) informed Bay State College (“BSC”) of its intention to withdraw BSC’s accreditation as of August 31, 2023. Following the rejection of Ambow’s appeal, on April 11, 2023, the Board of Trustees voted to permanently close Bay State College at the end of the 2022-2023 academic year, and this permanent closure was completed on August 31, 2023. The College provided academic, support and transitional services to students through August 31, 2023, and signed agreements with several area universities to provide program completion pathways to BSC students, often with enhanced transfer and other opportunities.

### Factors affecting our results of operations

While our business is influenced by factors affecting the education industries in the U.S. generally, we believe our business is more directly affected by Company-specific factors, including, among others:

- *The number of student enrollments.* The number of student enrollments is largely driven by the demand for the educational programs, the amount of fees we charge, the effectiveness of our marketing and brand promotion efforts, the locations and capacity of our campuses, our ability to maintain the consistency and quality of our teaching, and our ability to respond to competitive pressures, as well as seasonal factors. We plan to continue to add new offerings to better attract students of different needs and provide cross-selling opportunities.
- *The amount of fees we charge.* We determine course fees primarily based on demand for our courses, the targeted market for our courses, the geographic location and capacity of the campuses, costs of delivering our services, and the course fees charged by our competitors for the same or similar courses.
- *Our costs and expenses.* We incur costs and expenses at both the headquarter level and at our campuses. Our most significant costs are compensation and social welfare paid to/for our teachers, rental- and teaching-related expenses. A substantial majority of our operating expenses are selling and marketing and general and administrative expenses.

### Effects of disposals and other strategic plans

As a result of the 2021 Implementing Rules, which prohibited foreign investments into or foreign parties from controlling private schools in China, on November 23, 2022, we entered a share purchase agreement to dispose of all equity interest of Ambow China for a cash consideration of \$12.0 million. The Sale of Ambow China was completed on December 31, 2022. After the Sale of Ambow China, we sold all our assets and operations in China and ceased the control of all the VIEs.

There were no other material acquisitions and disposals during the years 2022 and 2023.

### Key financial performance indicators

Our key financial performance indicators consist of our net revenues, cost of revenues gross profit and operating expenses, which are discussed in greater detail below. The following table sets forth our net revenues, cost of revenues and gross profit from continuing operations, both in absolute amounts and as a percentage of net revenues, for the periods indicated.

	For the Years Ended December 31,			
	2022		2023	
	\$	%	\$	%
	(in thousands, except percentages)			
Net revenues	14,840	100.0	9,163	100.0
Cost of revenues	(14,556)	(98.1)	(6,669)	(72.8)
Gross Profit	284	1.9	2,494	27.2

### Net revenues

In 2022 and 2023, we generated net revenues from continuing operations of \$14.8 million and \$9.2 million, respectively. The decrease in revenue was primarily due to the permanent closure of Bay State College on August 31, 2023.

Ambow is providing career-focused higher education services for undergraduate students through NewSchool of Architecture & Design in San Diego.

### Cost of revenues

Cost of revenues for our educational and career enhancement programs and services primarily consists of:

- Teaching fees and performance-linked bonuses paid to our teachers. Our teachers consist of both full-time teachers and part-time teachers. Full-time teachers deliver teaching instruction and may also be involved in management, administration and other functions at our schools. Their compensation and benefits primarily consist of teaching fees based on hourly rates, performance-linked bonuses based on student evaluations, as well as base salary, annual bonus and standard employee benefits in connection with their services other than teaching. Compensation of our part-time teachers is comprised primarily of teaching fees based on hourly rates and performance-linked bonuses based on student evaluations and other factors;
- Rental, utilities, water and other operating expenses for the operation of our school properties;
- Depreciation and amortization of properties, leasehold improvement and equipment used in the provision of educational services.

### Gross profit

Gross profit as a percentage of our net revenues was 1.9% and 27.2% in 2022 and 2023, respectively. The increase in gross profit margin from 2022 to 2023 was primarily attributable to a decrease in the cost of revenues due to rental expense allocated to G&A based on square footage usage by administrative offices, and decrease in payroll expenses and teaching cost upon closure of BSC.

### Operating expenses

Our operating expenses consist of selling and marketing expenses, general and administrative expenses and research and development. The following table sets forth the components of our operating expenses from continuing operations, both in absolute amounts and as a percentage of revenues, for the years indicated.

	For the Years Ended December 31,			
	2022		2023	
	\$	%	\$	%
	(in thousands, except percentages)			
Net revenues	14,840	100.0	9,163	100.0
Operating expenses:				
Selling and marketing	(1,487)	(10.0)	(1,051)	(11.5)
General and administrative	(7,628)	(51.4)	(5,264)	(57.4)
Research and development	—	—	(484)	(5.3)
Impairment loss	(657)	(4.4)	—	—
Total operating expenses	(9,772)	(65.8)	(6,799)	(74.2)

*Selling and marketing expenses.* Our selling and marketing expenses primarily consist of expenses related to advertising, seminars, marketing and promotional trips and other community activities for brand promotion purposes. The change in selling and marketing expenses from 2022 to 2023 was insignificant.

*General and administrative expenses.* Our general and administrative expenses primarily consist of compensation and benefits of administrative staff, amortization of intangibles, costs of third-party professional services, rental and utility payments relating to office and administrative functions, and depreciation and amortization of property and equipment used in our general and administrative activities, as well as bad debt provision. Our general and administrative expenses from continuing operations decreased from \$7.6 million in 2022 to \$5.3 million in 2023, which was mainly due to the reduction in payroll expenses, approximately 10 administrative staff were terminated associated with BSC closure.

*Research and development.* Our research and development consisted of personnel-related expenses directly associated with our research and development organization, depreciation of equipment used in research and development, and allocated overhead. Our research and development expenses from continuing operations increased from 2022 to 2023, mainly due to a \$0.5 million increase associated with the development of our new product, HybriU.

*Share-based compensation expenses.* The following table sets forth the allocation of our share-based compensation expenses from continuing operations, both in absolute amount and as a percentage of total share-based compensation expenses, among our employees based on the nature of work that they were assigned to perform.

	<b>For the Years Ended December 31,</b>			
	<b>2022</b>		<b>2023</b>	
	\$	%	\$	%
	<b>(in thousands, except percentages)</b>			
Allocation of share-based expenses:				
General and administrative	1,083	100.0	—	—
Total share-based expenses	<u>1,083</u>	<u>100.0</u>	<u>—</u>	<u>—</u>

Our predecessor entity, Ambow Education Co., Ltd., adopted the 2010 Equity Incentive Plan in June 2010 and became effective upon completion of our 2010 IPO. On December 21, 2018, we adopted the Amended 2010 Plan, which became effective upon approval from the Board of Directors and shareholders. See “Item 6 — Directors, Senior Management and Employees — Compensation—Equity-based compensation plans.” From 2015 to 2020, we only granted restricted shares to our employees. No options were granted. We have adopted the provisions of ASC 718 “Stock Compensation” for the restricted shares we granted. For restricted shares granted to our employees, we record share-based compensation expenses based on the fair value of the award as of the date of grant and amortize the expenses over the vesting periods of the restricted shares.

### **Taxation**

We are a Cayman Islands company that currently conducts operations primarily through our U.S. subsidiaries. Under the current laws of the Cayman Islands, Ambow is not subject to taxes on its income or capital gains. In addition, the payment of dividends, if any, is not subject to withholding taxes in the Cayman Islands.

A significant component of our provision of income tax is generated from operating through our U.S. subsidiaries, which have a federal statutory income tax rate of 21%. Current income taxes are provided for in accordance with the laws and regulations in the U.S. Deferred income taxes are recognized when temporary differences exist between the tax bases and their reported amounts in the consolidated financial statements.

### **Critical accounting estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in the consolidated financial statements and accompanying notes. The SEC has defined a company’s critical accounting policies as the ones that are most important to the portrayal of the company’s financial condition and results of operations, and which require the company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, we have identified the critical accounting policies and judgments addressed below. We also have other key accounting policies, which involve the use of estimates, judgments and assumptions that are significant to understanding our results. Although we believe that our estimates, assumptions and judgments are reasonable, they are based upon information presently available. Actual results may differ significantly from these estimates under different assumptions, judgments or conditions.

*Revenue recognition*

Our revenue is generated from delivering educational programs.

The core principle of ASC 606 is that an entity recognizes revenue when control of the promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, the Group applies the following steps:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract;

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

We have Bay State College and NewSchool of Architecture & Design in the U.S. which offer career-focused post-secondary educational services to undergraduate students.

For undergraduate students, usually there are no written formal contracts between us and the students according to business practice. Records with the student's name, grades, tuition and fees collected are signed or confirmed by students. Academic requirements and each party's rights are communicated with students through enrollment brochures or daily teaching and academic activities.

For undergraduate students, our performance obligations are to provide acknowledged academic education within academic years, and post-secondary education with associate and bachelor's programs within agreed-upon periods. The transaction price is the tuition fee received and circumstances like other variable considerations, significant financing components, noncash considerations, and considerations payable to a customer do not exist. As there is only one performance obligation, the transaction price is allocated to the one performance obligation. The Group satisfies the performance obligation to students over time, and recognizes revenue according to school days consumed in each month of a semester.

Contract Balances

Accounts receivable represents revenue recognized for the amounts invoiced and/or prior to invoicing when we have satisfied its performance obligation and have an unconditional right to the payment. Under Topic 606, our right to consideration in exchange for goods or services that we have transferred to a customer is recognized as a contract asset. We had no contract assets as of December 31, 2022 and 2023.

The contract liabilities consist of deferred revenue, which relates to unsatisfied performance obligations at the end of each reporting period and consists of tuition received in advance from students. As of December 31, 2022 and 2023, our deferred revenue amounted to \$0.8 million and \$0.5 million for each period, respectively.

*Allowance for Credit Losses*

In accordance with Accounting Standards Codification (“ASC”) Topic 326, Financial Instruments - Credit Losses, the Company estimates and records an expected lifetime credit loss on accounts receivable and long-term receivable included in other non-current assets by utilizing historical write-off rates as a starting point for determining expected credit losses and has considered all available relevant information, including details about past events, current conditions, and reasonable and supportable forecasts, as well as their impact on the expected credit losses. The allowance for expected credit losses is adjusted for current conditions and reasonable and supportable forecasts. The Company recognized a provision for expected credit losses on accounts receivable of \$1.1 million and \$0.5 million in 2022 and 2023, respectively, and on long-term receivable of \$0.8 million in 2023.

*Intangible assets, net*

Intangible assets, net represent brand, software, trade name and accreditation. The software was initially recorded at historic acquisition costs or cost directly incurred to develop the software during the application development stage that can provide future benefits, and amortized on a straight-line basis over estimated useful lives.

Other finite-lived intangible assets are initially recorded at fair value when acquired in a business combination, in which the finite intangible assets are amortized on a straight-line basis, except student populations and customer relationships, which are amortized using an accelerated method to reflect the expected departure rate over the remaining useful life of the asset. We review identifiable amortizable intangible assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Determination of recoverability is based on the lowest level of identifiable estimated undiscounted cash flows resulting from use of the asset and its eventual disposition. Measurement of any impairment loss is based on the excess of the carrying value of the asset over its fair value. The intangible assets have original estimated useful lives as follows (see Note 8-Intangible Assets, Net to the audited consolidated financial statements for additional information):

Software	2 years to 10 years
Trade names	Indefinite
Brand	Indefinite
Others	1.3 years to 10 years

We have determined that trade names and brand have the continued ability to generate cash flows indefinitely. There are no legal, regulatory, contractual, economic or other factors limiting the useful life of the respective trade names and brands. Consequently, the carrying amounts of trade names and brands are not amortized but are tested for impairment annually in the third quarter or more frequently if events or circumstances indicate that the assets may be impaired. Such impairment test consists of a comparison of the fair values of the trade names and brand with their carrying amounts and an impairment loss is recognized if and when the carrying amounts of the trade names and brand exceed their fair values.

We performed impairment testing of indefinite-lived intangible assets in accordance with ASC 350 as of September 30 every year, which requires an entity to evaluate events and circumstances that may affect the significant inputs used to determine the fair value of the indefinite-lived intangible assets when performing qualitative assessment. When these events occur, we estimate the fair value of these trade names and brands with the Relief from Royalty method (“RFR”), which is one of the income approaches. The RFR method is generally applied for assets that are frequently licensed in exchange for royalty payments. As the owner of the asset is relieved from paying such royalties to a third party for using the asset, economic benefit is reflected by notional royalty savings. An impairment loss is recognized for any excess in the carrying value over the fair value of trade names and brands. For the years ended December 31, 2022 and 2023, we performed impairment tests on the trade name and brand and recognized impairment loss of \$0.7 million and nil on brand, respectively.

### *Impairment of long-lived assets*

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, we measure impairment by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, we will recognize an impairment loss based on the fair value of the assets, using the expected future discounted cash flows. There is no impairment loss from other long-lived assets during the years ended December 31, 2022 and 2023.

### *Income taxes*

Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net of operating loss carry forwards and credits, by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not some portion or all of the deferred tax assets will not be realized. Income taxes are provided for in accordance with the laws of the relevant taxing authorities.

We adopted the guidance on accounting for uncertainty in income taxes, which prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on the de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating our uncertain tax positions and determining its provision for income taxes. We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when we believe that certain positions might be challenged despite its belief that its tax return positions are in accordance with applicable tax laws. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit, new tax legislation, or the change of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the effect of reserve provisions and changes to reserves that are considered appropriate.

### *Lease*

We adopted ASC 842 Leases as of January 1, 2019, using the non-comparative transition option pursuant to ASU 2018-11. Therefore, we have not restated comparative period financial information for the effects of ASC 842 and will not make the new required lease disclosures for comparative periods beginning before January 1, 2019. We selected the package of practical expedients permitted under the transition guidance within the new standard, which, among other things, (i) allowed us to carry forward the historical lease classification; (ii) did not require us to reassess whether any expired or existing contracts are or contain leases; (iii) did not require us to reassess initial direct costs for any existing leases.

We identify a lease as a contract or part of a contract that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. For all operating leases except for short-term leases, we recognize operating right-of-use assets and operating lease liabilities. Leases with an initial term of 12 months or less are short-term leases and are not recognized as right-of-use assets and lease liabilities on the consolidated balance sheet. We recognize lease expenses for short-term leases on a straight-line basis over the lease term. For finance leases, we recognize finance lease right-of-use assets. The operating lease liabilities are recognized based on the present value of the lease payments not yet paid, discounted using our incremental borrowing rate over a similar term of the lease payments at lease commencement. Some of our lease agreements contain renewal options; however, we do not recognize right-of-use assets or lease liabilities for renewal periods unless it is determined that we are reasonably certain of renewing the lease at inception or when a triggering event occurs. The right-of-use assets consist of the amount of the measurement of the lease liabilities and any prepaid lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Our lease agreements do not contain any material residual value guarantees or material-restrictive covenants.

### Operating lease

When none of the criteria of finance lease are met, a lessee shall classify the lease as an operating lease.

### Finance lease

We classify a lease as a finance lease when the lease meets any of the following criteria at lease commencement:

- a. The lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- b. The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise;
- c. The lease term is for the major part of the remaining economic life of the underlying asset;
- d. The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments in accordance with ASC 842 paragraph 842-10-30-5(f) equals or exceeds substantially all of the fair value of the underlying asset;
- e. The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

#### *Share-based compensation*

We grant restricted shares to our employees and directors. Cost of employee services received is measured at the grant-date using the fair value of the equity instrument issued net of an estimated forfeiture rate, and therefore only recognizes compensation costs for those shares expected to vest over the service period of the award. Share-based compensation expense is recorded on a straight-line basis over the requisite service period, generally ranging from one year to four years.

Forfeitures are estimated at the time of grant and revised in the subsequent periods if actual forfeitures differ from those estimates.

#### *Foreign currency translation*

The Group uses US\$ as its reporting currency. The functional currency of the Company and its subsidiaries incorporated in the Cayman Islands, United States, is US\$. In the consolidated financial statements, the financial information of the Company and its subsidiaries, which use US\$ or their respective local currency as their functional currency, have been translated into US\$. Assets and liabilities are translated at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, and revenues, expenses, gains, and losses are translated using the average exchange rate for the period. Translation adjustments arising from these are reported as foreign currency translation adjustments and are shown as a component of other comprehensive income or loss in the statement of comprehensive income.

Foreign currency transactions denominated in currencies other than functional currency are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are remeasured at the applicable rates of exchange in effect at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from remeasurement at year-end are recognized in foreign currency exchange gains/losses, net in the consolidated statement of comprehensive income.

Historically, we presented our financial results in Renminbi. Starting from January 1, 2023, we changed our reporting currency from Renminbi to U.S. dollars since a majority of our revenues and expenses are now denominated in U.S. dollars. We believe the alignment of the reporting currency with the underlying operations would better illustrate our results of operations for each period. The historical results of operations and financial statements included in this report are presented based on what were presented in the previous filed Form 20-F.

### **Results of operations**

The following table sets forth a summary of our consolidated statements of operations for the periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. We believe that period-to-period comparisons of results of operations should not be relied upon as indicative of future performance.

Summary of Consolidated Statements of Operations

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
	(in thousands)	
<b>Consolidated Statement of Operations Data:</b>		
<b>NET REVENUES:</b>		
Total net revenues	14,840	9,163
<b>COST OF REVENUES:</b>		
Total cost of revenues	(14,556)	(6,669)
<b>GROSS PROFIT</b>	<b>284</b>	<b>2,494</b>
<b>Operating expenses:</b>		
Selling and marketing	(1,487)	(1,051)
General and administrative <sup>(1)</sup>	(7,628)	(5,264)
Research and development	—	(484)
Impairment loss	(657)	—
Total operating expenses	(9,772)	(6,799)
<b>OPERATING LOSS</b>	<b>(9,488)</b>	<b>(4,305)</b>
<b>OTHER INCOME, NET</b>	<b>236</b>	<b>1,144</b>
<b>LOSS BEFORE INCOME TAX AND NON-CONTROLLING INTERESTS</b>	<b>(9,252)</b>	<b>(3,161)</b>
Income tax expense	—	(14)
<b>LOSS FROM CONTINUING OPERATIONS</b>	<b>(9,252)</b>	<b>(3,175)</b>
Loss from and on sale of discontinued operation, net of income tax	(5,056)	—
<b>NET LOSS</b>	<b>(14,308)</b>	<b>(3,175)</b>
Less: Net loss attributable to noncontrolling interests from continuing operations	—	—
Less: Net loss attributable to noncontrolling interests from discontinued operations	(235)	—
<b>NET LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS FROM CONTINUING OPERATIONS</b>	<b>(9,252)</b>	<b>(3,175)</b>
<b>NET LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS FROM DISCONTINUED OPERATIONS</b>	<b>(4,821)</b>	<b>—</b>
<b>NET LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>	<b>(14,073)</b>	<b>(3,175)</b>

(1) Includes depreciation and amortization of \$0.2 million and \$0.02 million for the years ended December 31, 2022 and 2023, respectively.

**Year ended December 31, 2023 compared with year ended December 31, 2022**

*Net revenues.* Our net revenues from continuing operations decreased by 37.8% from \$14.8 million in 2022 to \$9.2 million in 2023. The decrease was primarily due to the permanent closure of Bay State College on August 31, 2023.

*Cost of revenues.* Our cost of revenues from continuing operations decreased by 53.8% from \$14.5 million in 2022 to \$6.7 million in 2023. The decrease was primarily due to the closure of Bay State College on August 31, 2023.

*Gross profit.* Gross profit as a percentage of our net revenues from continuing operations increased from 1.9% in 2022 to 27.2% in 2023. The increase in gross profit was mainly attributable to lower cost of revenues.

*Operating expenses.* Our total operating expenses from continuing operations decreased by 30.6% from \$9.8 million in 2022 to \$6.8 million in 2023. This decrease was mainly due to stringent expense controls to improve operating efficiency during 2023.

- *Selling and marketing expenses.* Our selling and marketing expenses from continuing operations decreased by 26.7% from \$1.5 million in 2022 to \$1.1 million in 2023. The decrease was due to stringent expense controls to improve operating efficiency during the period.
- *General and administrative expenses.* Our general and administrative expenses from continuing operations decreased by 30.3% from \$7.6 million in 2022 to \$5.3 million in 2023. The decrease in 2023 was mainly due to the closure of Bay State College on August 31, 2023.
- *Research and development expenses.* Our research and development expenses from continuing operations increased from nil in 2022 to \$0.5 million in 2023. The increase in 2023 was mainly due to the development of our new product, HybriU, during the period.

*Other income, net.* We recorded other net income from continuing operations of \$1.1 million in 2023, compared to other net income of \$0.2 million in 2022. The increase was mainly due to the \$1.4 million gain on disposal of assets from the BSC curriculum in 2023.

*Net loss.* In accordance with the above-mentioned factors, our net loss improved from \$14.3 million in 2022 to \$3.2 million in 2023.

## **B. Liquidity and Capital Resources**

As of December 31, 2023 our consolidated current assets exceeded our consolidated current liabilities by \$2.7 million. Our consolidated net assets were \$6.4 million as of December 31, 2023.

Our principal sources of liquidity has been cash provided by operating activities, financing activities and investing activities. We had net cash used in operating activities of \$0.3 million, \$5.6 million and \$3.2 million for the years ended December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023, we had \$4.8 million in unrestricted cash and cash equivalents. We are currently focusing on cost control measures to enhance operational efficiency by reducing leasing and labor costs.

Our operating results for future periods are subject to numerous uncertainties and it is uncertain if we will be able to achieve a net income position for the foreseeable future. If management is not able to increase revenue and/or manage cost and operating expenses, we may not be able to achieve profitability.

We believe that available cash and cash equivalents, cash provided by operating activities, together with cash available, should enable us to meet presently anticipated cash needs for at least the next 12 months after the date that the financial statements are issued and we have prepared the consolidated financial statements on a going concern basis. However, we continue to have ongoing obligations and we expect that we will require additional capital in order to execute its longer-term business plan. If we encounter unforeseen circumstances that place constraints on its capital resources, management will be required to take various measures to conserve liquidity, which could include, but not necessarily be limited to, initiating additional public offerings, curtailing our business development activities, suspending the pursuit of its business plan, obtaining credit facilities, controlling overhead expenses and seeking to further dispose of non-core assets. Management cannot provide any assurance that we will raise additional capital if needed.

**Condensed summary of our cash flows**

	<b>For the Years Ended December 31,</b>	
	<b>2022</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
	<b>(in thousands)</b>	
Net cash used in operating activities, continuing operations	(5,646)	(290)
Net cash used in operating activities, discontinued operations	(3,602)	—
Net cash provided by (used in) investing activities, continuing operations	—	—
Net cash used in investing activities, discontinued operations	(19,491)	—
Net cash provided by financing activities, continuing operations	3,014	2,803
Net cash provided by financing activities, discontinued operations	2,040	—
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(100)	(128)
Net change in cash, cash equivalents and restricted cash	(23,785)	2,385
Cash, cash equivalents and restricted cash at beginning of year	31,455	7,670
Cash, cash equivalents and restricted cash at end of year	7,670	10,055
Less: Cash, cash equivalents and restricted cash of discontinued operations	—	—
Cash, cash equivalents and restricted cash at end of year from continuing operations	7,670	10,055

***Operating activities***

Net cash used in operating activities, continuing operations amounted to \$0.3 million in the year ended December 31, 2023, compared with \$5.6 million in the year ended December 31, 2022. Net cash used in operating activities, discontinued operations were nil in the year ended December 31, 2023, compared with net cash provided by operating activities, discontinued operations of \$3.6 million in the year ended December 31, 2022.

Net cash used in operating activities from continuing operations in the year ended December 31, 2023 was primarily attributable to net loss of \$3.2 million, a decrease in operating lease liabilities of \$1.2 million, a decrease in accounts receivable of \$1.4 million, a decrease in accrued and other liabilities of \$2.3 million, and a decrease in accounts payable of \$1.0 million. These were partially offset by amortization of operating lease right of use asset of \$2.1 million, disposal loss from property and equipment of \$0.3 million, a increase in prepaid and other current assets of \$6.0 million and bad debt provision of \$0.4 million.

Net cash used in operating activities from continuing operations in the year ended December 31, 2022 was primarily attributable to net loss from continuing operations of \$9.3 million, a decrease in operating lease liabilities of \$2.4 million, a decrease in deferred revenue of \$0.8 million, lease termination and modification gain of \$0.8 million, an increase in accounts receivable of \$0.4 million, a decrease in accounts payable of \$0.2 million, partially offset by amortization of operating lease right of use asset of \$3.5 million, share-based compensation of \$1.1 million, an increase in accrued and other liabilities of \$0.9 million, a decrease in prepaid and other current assets of \$0.8 million, a decrease in other non-current assets of \$0.7 million, impairment loss of \$0.7 million, depreciation and amortization of \$0.2 million, bad debt provision of \$0.2 million, and loss on disposal of subsidiaries of \$0.2 million.

***Investing activities***

Net cash provided by investing activities, continuing operations was nil for each of the years ended December 31, 2023 and 2022. Net cash used in investing activities, discontinued operations was nil for the year ended December 31, 2023, compared with net cash used in investing activities, discontinued operations of \$19.5 million for the year ended December 31, 2022.

***Financing activities***

Our financing activities consist primarily of proceeds from minority shareholder capital injections, short-term borrowings and funding provided to discontinued operations. Net cash provided by financing activities, continuing operations was \$2.8 million in the year ended December 31, 2023, compared with net cash provided by financing activities, continuing operations of \$3.0 million in the year ended December 31, 2022. Net cash provided by financing activities, discontinued operations amounted to nil and \$2.0 million for the years ended December 31, 2023 and 2022, respectively.

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Net cash provided by financing activities, continuing operations for the year ended December 31, 2023 was mainly attributable to \$2.4 million in proceeds from short-term borrowing and \$1.9 million in proceeds from issuance of ordinary shares and warrants to purchase ordinary shares, net of expenses, partially offset by \$1.5 million in repayments of short-term borrowing.

Net cash provided by financing activities, continuing operations in the year ended December 31, 2022 was mainly attributable to \$3.0 million in short-term borrowing proceeds.

**Equity financing**

We raised an aggregate amount of \$2.0 million through private investments of ordinary shares and warrants in February 2023.

**Short-term borrowings**

Loan agreements for short-term borrowings consisted of the following:

	Maturities	As of December 31,	
		2022	2023
		\$	\$
(In thousands)			
Short-term bank borrowing from East West Bank	November 2023	1,500	—
Short-term bank borrowing from East West Bank	January 2024	—	2,439
Short-term bank borrowing from Cathy Bank	October 2024	1,500	1,500

In October 2022 and January 2023, we pledged a restricted cash amount of \$3.9 million to obtain a line of credit of \$3.9 million from Cathy Bank and EAST WEST BANK, respectively.

On October 11, 2022, we received a loan from Cathy Bank in the amount of \$1.5 million with a maturity date on October 11, 2023. On November 6, 2023, we renewed the loan from Cathy Bank with a maturity date on October 11, 2024 and bearing interest at 6.29% per annum. On January 6, 2023, we received a loan from EAST WEST BANK in the amount of \$2.4 million with a maturity date of January 6, 2024, and bearing interest at 2.50% per annum. The pledge shall be terminated once all borrowings are repaid and pledge cancellation registration procedures are completed.

The weighted average interest rate of the borrowings outstanding was 3.45% and 4.40% per annum as of December 31, 2022 and 2023. The fair values of the borrowings approximate their carrying amounts. The weighted average borrowings for the years ended December 31, 2022 and 2023 were \$0.5 million and \$2.7 million, respectively.

The borrowings incurred interest expenses were \$0.1 million and \$0.2 million for the years ended December 31, 2022 and 2023. There was neither capitalization as additions to construction in progress nor guarantee fees for each of three years ended December 31, 2023.

**Capital expenditures**

Our capital expenditures were nil in each of the fiscal years ended December 31, 2022 and 2023.

**Holding company structure**

Ambow is not an operating company incorporated in the United States but rather a Cayman Islands holding company. We conduct our operations primarily through our subsidiaries in the United States. If our subsidiaries or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

**Inflation**

Inflation has not materially impacted our results of operations in recent years. Although we were not materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher rates of inflation.

**Recent accounting standards**

See of Notes 3(y) to the audited consolidated financial statements for recent accounting standards that could have an effect on us.

**C. Research and Development, Patents and Licenses**

As of December 31, 2023, we employed eight full-time and part-time software and educational professionals. In 2022 and 2023, we spent nil and \$0.5 million on research and development expenses, respectively.

**D. Trend Information**

For a discussion of significant recent trends in our financial condition and results of operations, please see “Item 5.A Operating and Financial Review and Prospects-Operating Results” and “5.B Operating and Financial Review and Prospects-Liquidity and Capital Resources.” Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2023 that are reasonably likely to have a material and adverse effect on our total revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future results of operations or financial conditions.

**E. Off-balance sheet arrangements**

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholders’ equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

There were no new off-balance sheet arrangements as of December 31, 2022 and 2023.

**F. Contractual Long-Term Obligations**

The following table presents a summary of our contractual long-term obligations and payments, by period, as of December 31, 2023.

	Payments Due by Period				
	Total	Less than 1 Year	2-3 Years	4-5 Years	More than 5 Years
Operating lease obligations	\$ 7.1	4.2	2.9	0	—

**G. Critical Accounting Estimates**

For our critical accounting estimates, see “Item 5. Operating and Financial Review and Prospects-A. Operating Results-Critical accounting policies and estimates.”

**Item 6. Directors, Senior Management and Employees****A. Directors and Senior Management**

The table below sets forth certain information relating to our directors and executive officers as of December 31, 2023.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Class</u>	<u>Nationality</u>	<u>Residence</u>
Jin Huang	58	President, Chief Executive Officer, Acting Chief Financial Officer and Chairman of the Board	Class III	United States	China
Chiao-Ling Hsu	55	Chief Operating Officer and President of NewSchool of Architecture & Design	N/A	Taiwan	China
Yanhui Ma <sup>(1)(2)</sup>	64	Director	Class III	United States	United States
Yigong Justin Chen <sup>(1)</sup>	54	Director	Class I	China	China
Mingjun Wang <sup>(1)(2)</sup>	62	Director	Class II	China	China

(1) Member of the audit committee

(2) Member of the compensation committee

*Jin Huang* has served as our President and Chief Executive Officer and as a member of our board of directors since our inception in August 2000 and served as our Acting Chief Financial Officer since September 2022. Dr. Huang has over 15 years of academic and industry experience in Silicon Valley. Prior to founding Ambow, Dr. Huang was a founding engineer at Avant, where she was responsible for product design and engineering management. Dr. Huang holds a bachelor's degree in Computer Science, a master's degree in Computer Science and a Ph.D. in Electronic Engineering from the University of Electronic Science & Technology of China. From 1990 to 1993, Dr. Huang was doing research and completed her Ph.D. dissertation at the University of California, Berkeley.

*Chiao-Ling Hsu* has served as our Chief Operating Officer since June 2015. She took on the role of Interim President at NewSchool of Architecture & Design starting in 2022 and became the President in October 2023. Ms. Hsu has over 15 years of operating and management experience in the education industry. Since 2011, she has served as Chief Executive Officer of Hwa Kang Foundation, and as Executive Director of the Innovative Biz Group in the School of Continuing Education (SCE) at Chinese Culture University in Taipei. From 2012 to 2014, Ms. Hsu also was Vice Chairperson at the Center for Credentialing & Education in Greensboro, North Carolina in the United States. Previously, Ms. Hsu held several positions in the SCE at Chinese Culture University, including Chief Operating Office, Director of the Customer Contact Center, and Director of the E-learning Development Center. Ms. Hsu is a graduate of Chinese Culture University, and also holds a master's degree in Business Education from New York University.

*Yanhui Ma* joined the board of directors in May 2014. Dr. Ma is an independent non-executive director of the company. Dr. Ma has been involved in the creation, funding and development of several healthcare companies, especially joint venture corporations between China and the United States. Dr. Ma also served on the board of directors of several healthcare related corporations he founded or co-founded in the U.S. and China, including Sinocare and SinoMed. Dr. Ma organized and co-founded the International Drug Delivery Society and served as Vice Chairman of the Society previously. He also served as the Vice President of US Silicon Valley Chinese Business Association.

*Justin Chen* has served as a member of our board of directors since March, 2013. Mr. Justin Chen is a counsel at PacGate Law Group. He is a California licensed attorney and is qualified to practice before the United States Patent and Trademark Office. Justin Chen graduated from the University of Iowa, College of Law in 1998, with a Juris Doctor degree and graduated from Peking University, Department of Biochemistry with a bachelor's degree in 1992 and obtained his master's degree in Biochemistry and Juris Doctor degrees, both from the University of Iowa in 1995 and 1998, respectively.

*Mingjun Wang* has served as a member of our board of directors since September 2022 and is an independent non-executive director of the Company. Mr. Mingjun Wang has over 30 years of operating and management experience in the education and publishing industries. Since 2003, he has served as Chairman of the board directors of Beijing Century Oriental Science and Technology Inc. Since 2017, he has been an executive partner of Edtech Venture, a U. S. venture capital firm. Mr. Wang is also an entrepreneur and independent investor in the United States and China, with investment portfolios including Splashtop, Homatch, Century Oriental, OSA Technologies, 100E Inc. etc. Previously, Mr. Wang held Editor in Chief and Vice President positions of the Publishing House of Electronics Industry of China, and served as a member of the board of directors of China Electronics Association. Mr. Wang joined Pearson Education as an international rights manager in 1999. Mr. Wang graduated from Stanford University, School of Business in 1998 with a Master of Science in Management degree, obtained his Master of Electronics Engineering degree from Xidian University in 1988 and a Bachelor of Science degree from Shandong University, Department of Mathematics in 1983.

The business address of each of our executive officers and directors is Ambow Education Holding Ltd., 19925 Stevens Creek Blvd, Cupertino, CA 95014, United States of America.

There are no family relationships among any of our directors and executive officers.

None of our non-executive directors has any employment or service contract with our company.

#### **Terms of executive officers**

Our executive officers are appointed by, and serve at the discretion of, our board of directors.

#### **B. Compensation**

During 2023, the aggregate cash compensation that we paid to our executive officers as a group was \$0.1 million, which includes bonuses, salaries and other benefits that were earned in 2022 and paid in 2023.

There were no share-based compensation expenses for the share options during the years from 2021 to 2023. As of December 31, 2022 and 2023, all share options were vested.

On November 22, 2018, the Board of Directors approved to grant 200,000 shares of the restricted stock to senior employees of the Company. Twenty-five percent of the awards shall vest on the one-year anniversary of the vesting commence date, and the remainder shall vest in equal and continuous monthly installments over the following thirty-six months thereafter, subject to participants' continuing service of the Company through each vesting date. During 2022 and 2023, 45,833 and nil shares of restricted stock were vested, respectively.

On June 30, 2022, the Board of Directors approved to grant 5.2 million fully vested Class A ordinary shares of the restricted stock to senior employees of the Group for their services rendered in the past years.

#### **Employment agreements**

##### ***Service agreement with Dr. Jin Huang***

We entered into a service agreement dated August 28, 2007 with Dr. Jin Huang, our Chief Executive Officer. The initial employment term under this service agreement was two years, automatically extending by successive periods of 12 months, unless we or Dr. Huang give the other party a written notice three months prior to the commencement of the next 12-month period indicating that the notifying party does not wish to extend the employment term, in which case the employment term will expire at the end of such three-month notice period.

In the event that we terminate Dr. Huang's employment for cause, or if Dr. Huang voluntarily resigns (other than a resignation for good cause following a change of control), Dr. Huang will not be entitled to receive any severance benefits; provided, that Dr. Huang will be able to exercise any vested and unexercised awards under our equity incentive plans in accordance with the terms set forth therein.

In the event that we terminate Dr. Huang's employment under circumstances other than a change of control and for any reason other than for cause or voluntary termination, or if within 24 months after a change of control Dr. Huang is involuntarily terminated (other than for cause) or voluntarily resigns for good cause, Dr. Huang will be entitled to certain severance benefits, including:

- A lump sum payment consisting of: (i) an amount equal to one-time Dr. Huang's then annual salary; (ii) a prorated bonus based on target opportunity for the year; and (iii) an amount equal to 12 months' housing allowance;
- The right to exercise any and all unexercised stock options granted under our equity incentive plans in accordance with their terms, as if all such unexercised stock options were fully vested, within one year of the effective date of such termination; and
- Any other bonus amounts or benefits to which Dr. Huang may be entitled under any of our benefit plans.

Pursuant to the service contract, Dr. Huang also has agreed to certain non-competition undertakings during the term of her employment and for a period of one-year following any termination of her employment. These non-competition undertakings include that Dr. Huang may not, during the one-year period following any termination of her employment, (i) solicit or entice away any of our clients or prospective clients, (ii) have any business dealings with any of our clients or prospective clients, (iii) solicit or entice away any individual who is employed by us as a director or in a managerial, executive or technical capacity, or employ or engage any such individual, or (iv) carry on, set up, be employed, engaged or interested in a business anywhere in the PRC which is in competition with our business as of the termination date. These non-competition undertakings will not prohibit Dr. Huang from seeking or doing any business that is not in direct or indirect competition with our business, nor will they prevent Dr. Huang from holding shares or other capital not amounting to more than 5% of the total issued share capital of any company which is listed on a regulated market. Dr. Huang is entitled to receive one-half her annual base salary over the post-termination non-competition period as consideration for her non-competition undertakings, which are subject to our making such payments.

"Cause" means that Dr. Huang habitually neglects her duties to us or engages in gross misconduct during the term of the service agreement and "gross misconduct" means her misappropriation of funds, securities fraud, insider trading, unauthorized possession of corporate property, the sale, distribution, possession or use of a controlled substance, conviction of any criminal offense or entry of a plea of nolo contendere (or similar plea) to a charge of such an offense or a breach of the service agreement and failure to cure such breach within ten days after written notice thereof.

"Good cause" means, without Dr. Huang's express prior written consent, (i) she is assigned duties materially inconsistent with her position, duties, responsibilities, or status with the company which substantially vary from that which existed immediately prior to the change of control, and such reassignment is not directly related to her incapacity, disability or any "cause"; (ii) she experiences a change in her reporting levels, titles, or business location (more than 50 miles from her current business location or residence, whichever is closer to the new business location) which substantially varies from that which existed immediately prior to the change of control, and such change is not directly related to her incapacity, disability or any "cause"; (iii) she is removed from any position held immediately prior to the change of control, or if she fails to obtain reelection to any position held immediately prior to the change of control, which removal or failure to reelect is not directly related to her incapacity or disability, "cause" or death; (iv) she experiences a reduction in salary of more than ten percent below that which existed immediately prior to the change of control, and such reduction is not directly related to her incapacity, disability or any "cause"; (v) she experiences an elimination or reduction of any employee benefit, business expenses, reimbursement or allotment, incentive bonus program, or any other manner or form of compensation available to her immediately prior to the change of control and such change is not otherwise applied to others in the company with her position or title and is not directly related to her incapacity, disability or any "cause"; or (vi) we fail to obtain from any successor, before the succession takes place, a written commitment obligating the successor to perform the service agreement in accordance with all of its terms and conditions.

"Change in control" means (i) any merger, consolidation, or sale of the company such that any individual, entity or group acquires beneficial ownership of 50 percent or more of our voting capital stock, (ii) any transaction in which we sell substantially all of our material assets, (iii) our dissolution or liquidation, (iv) any change in the control of the composition of our board of directors such that the shareholders who as of the date of the service agreement controlled the composition of our board of directors shall cease to have such control, or (v) there has occurred a "change of control", as such term (or any term of like import) is defined in any of the following documents which is in effect with respect to us at the time in question: any note, evidence of indebtedness or agreement to lend funds to us, any option, incentive or employee benefit plan of us or any employment, severance, termination or similar agreement with any person who is then our employee.

### ***Employment Agreements with our other Executive Officers***

We have entered into employment agreements with most of our executive officers. Under these agreements, most of our executive officers is employed for a specified time period subject to renewal. As stipulated under the applicable laws, we may be required to provide severance compensation as expressly required by applicable law. In certain cases, in the event of termination without cause, we are also required to provide severance compensation in accordance with the terms of the applicable employment agreement.

### ***Confidential information and invention assignment agreements***

We have also entered into a confidential information and invention assignment agreement with each of our executive officers. We require all of our employees to execute the same confidential information and invention assignment agreement or an agreement on substantially similar terms. Under the terms of the agreement, each executive officer has agreed to hold, both during and after such executive officer's term of employment, in strictest confidence and not to use, except for our benefit, or to disclose to any person, firm or corporation without written authorization, any confidential information. Confidential information does not include any information which has become publicly known and made generally available through no wrongful act of our executive officers. Each executive officer has also agreed during such officer's term of employment not to improperly use or disclose any proprietary information or trade secrets of any former or current employer or other person or entity unless consented to in writing by such employer, person or entity. In addition, each executive officer has agreed to disclose to us, hold in trust for the sole right and benefit of us and assign to us, all right, title and interest in and to, any and all inventions, original works of authorship, developments, concepts, improvements or trade secrets, whether or not patentable or registerable under copyright or similar laws, which such executive officer may solely or jointly conceive, develop or reduce to practice or cause to be conceived, developed or reduced to practice, during the period of employment. Furthermore, each executive officer has agreed to not directly or indirectly solicit, induce, recruit or encourage any employees to leave their employment during the twelve-month period immediately following such executive officer's termination of employment.

### **Equity-based compensation plans**

#### ***2010 Equity Incentive Plan***

On June 1, 2010, we adopted the 2010 Equity Incentive Plan, or the "2010 Plan," which became effective upon the completion of our IPO on August 5, 2010 and terminated automatically 10 years after its adoption.

#### ***Amended and Restated 2010 Equity Incentive Plan***

On December 21, 2018, we amended and restated the 2010 Plan, which became effective upon the approval of the shareholders at the Annual Meeting of Shareholders on December 21, 2018. The Amended 2010 Plan will continue in effect for 10 years from the date adopted by the Board, unless terminated earlier under section 18 of the Plan.

*Share reserve.* The maximum aggregate number of our ordinary shares that may be issued under our Amended 2010 Plan is such number of shares as shall be equal to 6,500,000 Class A ordinary shares, plus any shares that subject to stock options or similar awards granted under the 2005 Stock Plan that expire or otherwise terminate without having been exercised in full, and shares issued pursuant to awards granted under the 2005 Stock Plan that are forfeited to or converted by the Company, with the maximum number of shares to be added to the Amended 2010 Plan equal to 293,059 Class A ordinary shares. In addition, our Amended 2010 Plan provides for increases in the number of shares available for issuance thereunder on the closing day of each future registration before the fiscal years ending December 31, 2020, in the amount equal to 15% of the Class A ordinary shares issued in each registration.

Shares issued pursuant to awards under the Amended 2010 Plan that we repurchase or that are forfeited, as well as shares used to pay the exercise price of an award or to satisfy the tax withholding obligations related to an award, will become available for future grant under the Amended 2010 Plan. In addition, to the extent that an award is paid out in cash rather than shares, such cash payment will not reduce the number of shares available for issuance under the Amended 2010 Plan. As of December 31, 2023, the Group granted up to 7,305,222 Class A ordinary shares of the company to its employees, outside directors and consultants.

*Administration.* Our board of directors or a committee of our board of directors administers our Amended 2010 Plan. Different committees with respect to different groups of service providers may administer our Amended 2010 Plan. Subject to the provisions of our Amended 2010 Plan, the administrator has the power to determine the terms of the awards, including the recipients, the exercise price, the number of shares subject to each such award, the vesting schedule applicable to the awards, together with any vesting acceleration, and the form of consideration payable upon exercise. The administrator also has the authority to modify or amend awards, to prescribe rules and to construe and interpret the Amended 2010 Plan and to institute an exchange program whereby the exercise prices of outstanding awards may be reduced, outstanding awards may be surrendered in exchange for awards with a higher or lower exercise price, or outstanding awards may be transferred to a third party.

*Options.* The administrator may grant incentive stock options (“ISOs”) or non-statutory stock options (“NSOs”) under our Amended 2010 Plan. The exercise price of options granted under our Amended 2010 Plan must at least be equal to the fair market value of our ordinary shares on the date of grant and its term may not exceed 10 years, except that with respect to any participant who owns more than 10% of the total combined voting power of all classes of our outstanding shares, or of certain of our parent or subsidiary corporations, the term of an ISO must not exceed five years and the exercise price of such ISO must equal at least 110% of the fair market value on the grant date. The administrator determines the term of all other options.

After termination of an employee, director or consultant, he or she may exercise his or her option, to the extent vested as of such date of termination, for the period of time stated in the option agreement. In the absence of a specified period of time in the option agreement, the option will remain exercisable for a period of three months following termination (or 12 months in the event of a termination due to death or disability). However, in no event may an option be exercised later than the expiration of its term.

*Share appreciation rights.* Share appreciation rights may be granted under our Amended 2010 Plan. Share appreciation rights allow the recipient to receive the appreciation in the fair market value of our ordinary shares between the exercise date and the date of grant. The exercise price of share appreciation rights granted under our Amended 2010 Plan must at least be equal to the fair market value of our ordinary shares on the date of grant. The administrator determines the terms of share appreciation rights, including when such rights vest and become exercisable and whether to settle such awards in cash or with our ordinary shares, or a combination thereof. Share appreciation rights expire under the same rules that apply to options.

*Restricted shares.* Restricted shares may be granted under our Amended 2010 Plan. Restricted share awards are ordinary shares that are subject to various restrictions, including restrictions on transferability and forfeiture provisions. Restricted shares will vest and the restrictions on such shares will lapse, in accordance with terms and conditions established by the administrator. The administrator will determine the number of restricted shares granted to any employee. The administrator may impose whatever conditions to vesting it determines to be appropriate. For example, the administrator may set restrictions based on the achievement of specific performance goals and/or continued service to us. Recipients of restricted share awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the administrator provides otherwise. Restricted shares that do not vest for any reason will be forfeited by the recipient and will revert to us.

*Restricted share units.* Restricted share units may be granted under our Amended 2010 Plan. Each restricted share unit granted is a bookkeeping entry representing an amount equal to the fair market value of an ordinary share. Restricted share units are similar to awards of restricted shares, but are not settled unless the award vests. The awards may be settled in shares, cash, or a combination of both, as the administrator may determine. The administrator determines the terms and conditions of restricted share units including the vesting criteria and the form and timing of payment.

*Performance units and performance shares.* Performance units and performance shares may be granted under our Amended 2010 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The administrator will establish organizational or individual performance goals in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. Performance units will have an initial dollar value established by the administrator prior to the grant date. Performance shares will have an initial value equal to the fair market value of our ordinary shares on the grant date. Payment for performance units and performance shares may be made in cash or in our ordinary shares with equivalent value, or in some combination, as determined by the administrator.

*Transferability.* Unless the administrator provides otherwise, our Amended 2010 Plan does not allow for the transfer of awards other than by will or the laws of descent and distribution and only the recipient of an award may exercise an award during his or her lifetime.

*Certain adjustments.* In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under the Amended 2010 Plan, the administrator will make adjustments to one or more of the numbers and class of shares that may be delivered under the plan and/or the number, class and price of shares covered by each outstanding award and the numerical share limits contained in the plan. In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

*Change in control transactions.* Our Amended 2010 Plan provides that in the event of our merger or change in control, as defined in the Amended 2010 Plan, each outstanding award will be treated as the administrator determines, except that if the successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for each outstanding award without the prior written consent of the participant, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels and such award will become fully exercisable, if applicable, for a specified period prior to the transaction. The award will then terminate upon the expiration of the specified period of time.

*Term, Amendment and Termination.* Our Amended 2010 Plan will become effective upon its adoption by the Board. It will continue in effect for a term of ten (10) years from the date adopted by the Board, unless terminated earlier under Section 18 of the Plan. Our board of directors has the authority to amend, suspend or terminate the 2010 Equity Incentive Plan provided such action does not impair the rights of any participant with respect to any outstanding awards.

The following table summarizes, as of December 31, 2023, the share options and other equity awards granted to our executive officers under our Amended 2010 Plan or pursuant to other arrangements approved by our board of directors:

Name	Ordinary Shares Underlying Options Granted & Restricted Shares	Date of Grant (original)	Date of Grant (New)	Date of Expiration
Dr. Jin Huang	(1)*	02/25/10	11/22/18	—
Chiao-Ling Hsu	(1)*	—	05/18/15	—

\* Less than 1% of the outstanding ordinary shares

(1) Restricted shares

On June 30, 2022, the Board of Directors approved to grant 5.2 million fully vested Class A ordinary shares of the restricted stock to senior employees of the Group for their services rendered in the past years.

**C. Board Practices**

As of December 31, 2023, our board of directors consisted of four directors:

Dr. Jin Huang, Mr. Justin Chen, Mr. Mingjun Wang and Dr. Yanhui Ma. Our directors are elected for three-year terms.

We believe that each of the non-executive members of our board of directors is an “independent director” as that term is used in the NYSE corporate governance rules.

No shareholder has the contractual right to designate persons to be elected to our board of directors, and our Sixth Amended and Restated Memorandum and Articles of Association provides that directors will be elected upon a resolution passed at a duly convened shareholders meeting by holders of a majority of our outstanding shares being entitled to vote in person or by proxy at such meeting, to hold office until the expiration of their respective terms. There is no minimum shareholding or age limit requirement for qualification to serve as a member of our board of directors.

We have a staggered board. The Directors are divided into Class I, Class II and Class III, respectively and are assigned to each class in accordance with a resolution or resolutions adopted by the Board of Directors.

- At the first annual general meeting of Members (a person whose name is entered in the Register of Members as the holder of a share or shares) following the initial meeting, the term of office of the Class I Directors shall expire and Class I Directors shall be elected for a full term of three years.
- At the second annual general meeting of Members following the initial meeting, the term of office of the Class II Directors shall expire and Class II Directors shall be elected for a full term of three years.
- At the third annual general meeting of Members following the initial meeting, the term of office of the Class III Directors shall expire and Class III Directors shall be elected for a full term of three years.
- At each succeeding annual general meeting of Members, Directors shall be elected for a full term of three years to succeed the Directors of the class whose terms expire at such annual general meeting.

The following table sets forth the names and classes of our directors as of the date of this annual report:

<b>Class I</b>	<b>Class II</b>	<b>Class III</b>
Yigong Justin Chen	Mingjun Wang	Jin Huang Yanhui Ma

A director may be removed for negligence or other reasonable cause at any time before the expiration of his or her term by a special resolution passed at a duly convened shareholder meeting by the holders of at least two-thirds of our outstanding shares being entitled to vote in person or by proxy at such meeting or by a unanimous written consent of our shareholders. Vacancies on our board of directors created by such a removal or by resignation may be filled by resolution passed at a duly convened shareholder meeting by the holders of a majority of our outstanding shares entitled to vote in person or by proxy at such meeting or by a majority vote of the remaining directors in office. A director so elected or appointed shall hold office until the next succeeding annual shareholder meeting and may be nominated for reelection at that time.

A director may vote on a proposal, arrangement or contract in which the director is interested, provided that such director has disclosed his interest in such matter to the board of directors at a meeting of the board of directors.

In addition, our board of directors may exercise all the powers of the company to borrow money, mortgage or charge its undertaking, property and uncalled capital, and issue debentures, debenture stock and other securities whenever money is borrowed or as a security for any debt, liability or obligation of the company or of any third party.

### ***Board Meetings and Executive Sessions***

Once a quarter, and more often if circumstances require, our Board of Directors holds meetings. In addition to regularly scheduled Board meetings, the independent directors of the Board meet on a regular basis to fulfill their responsibilities on each of the Board committees. The independent directors also meet annually in executive sessions without the presence of management and non-independent directors.

### ***Duties of directors***

In general, under Cayman Islands law, our directors have a duty of loyalty to act honestly, in good faith and in our best interests. Our directors also have a duty to exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association then in effect. In certain limited circumstances, our shareholders have the right to seek damages through a derivative action in the name of the company if a duty owed by our directors is breached.

### ***Committees of our board of directors***

We have established an audit committee and a compensation committee. We have adopted a charter for each of these committees. These committees' members and functions are briefly described below. As a Cayman Islands company, we are not required to have a separate nominating and corporate governance committee of the board. Our full board of directors will perform the functions performed by such committee.

### ***Audit committee***

Our audit committee consists of Yigong Justin Chen, Mingjun Wang and Yanhui Ma, each of whom meets the independence standards of the NYSE and the SEC. Yigong Justin Chen is the Chairperson of our audit committee. Mr. Yanhui Ma serves as our audit committee financial expert. The responsibilities of our audit committee include, among other things:

- Appointing, and overseeing the work of our independent auditors, approving the compensation of our independent auditors, and, if appropriate, discharging our independent auditors;
- Pre-approving engagements of our independent auditors to render audit services and/or establishing pre-approval policies and procedures for such engagements and pre-approving any non-audit services proposed to be provided to us by our independent auditors;
- Discussing with management and our independent auditors significant financial reporting issues raised and judgments made in connection with the preparation of our financial statements;
- Reviewing and discussing reports from our independent auditors on (1) the major critical accounting policies to be used, (2) significant alternative treatments of financial information within the U.S. generally accepted accounting principles, or GAAP, that have been discussed with management, (3) ramifications of the use of such alternative disclosures and treatments, and (4) other material written communications between our independent auditors and management;
- Resolving any disagreements between management and our independent auditors regarding financial reporting;
- Establishing procedures for receiving, retaining and treating any complaints we receive regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- Reporting regularly to the full board of directors.

### **Compensation committee**

Our compensation committee consists of Dr. Yanhui Ma and Mr. Mingjun Wang, each of whom is an “independent director” as that term is used in the NYSE corporate governance rules. Mingjun Wang is the Chairperson of our compensation committee. Our compensation committee assists the board of directors in reviewing and approving the compensation structure of our directors and officers, including all forms of compensation to be provided to our directors and officers. The responsibilities of our compensation committee include, among other things:

- Reviewing and recommending to our board of directors with respect to the total compensation package for our executive officers;
- Reviewing and recommending to our board of directors with respect to director compensation, including equity-based compensation; and
- Reviewing periodically and recommending to the board of directors with respect to any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

### **D. Employees**

As of December 31, 2023, we and our subsidiaries had 37 full-time employees, and 124 part-time employees, respectively. As of December 31, 2023, we had the following numbers of full-time employees by cost nature: 19 in general and administrative functions, and 18 in cost of revenues. None of our employees are represented by collective bargaining arrangements. We consider our relations with our employees to be good.

### **E. Share Ownership**

The following table sets forth, as of March 10, 2024, certain information concerning the beneficial ownership of the Class A Ordinary Shares and Class C Ordinary Shares by (i) each shareholder known by the company to own beneficially five percent or more of the outstanding Class A Ordinary Shares and Class C Ordinary Shares; (ii) each director and the nominee for director of the company; (iii) each executive officer of the company; and (iv) all executive officers and directors of the company as a group, and their percentage ownership and voting power.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated in the footnotes below, we believe, based on the information furnished to us, that the persons named in the following table have sole voting and investment power with respect to all ordinary shares that they beneficially own, subject to applicable community property laws. As of March 10, 2024, the percentage of beneficial ownership for holders of Class A ordinary shares is based on 52,019,109 Class A Ordinary Shares issued and outstanding and the percentage of beneficial ownership for holders of Class C ordinary shares is based on 4,708,415 Class C Ordinary Shares issued and outstanding, both of which classes of ordinary shares exclude unvested restricted shares. On all matters subject to vote at general meetings of the company, the holders of Class A ordinary shares are entitled to one vote per share and the holders of Class C ordinary shares are entitled to ten votes per share.

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Unless otherwise indicated, the address of such individual is c/o Ambow Education Holding Ltd., 19925 Stevens Creek Blvd, Cupertino, CA 95014.

Name	Shares beneficially owned (1)				Percentage of votes held				
	Number of Class A ordinary shares	Percentage of Class A Ordinary shares (%)	Number of Class C Ordinary shares	Percentage of Class C ordinary shares (%)	Number of total ordinary shares	Percentage of total ordinary shares (%)	Based on total Class A ordinary shares (%)	Based on total Class C ordinary shares (%)	Based on Total Ordinary shares (%)
Directors and Executive Officers:									
Jin Huang (2)(5)	351,312	0.68 %	4,708,415	100 %	5,059,727	8.92 %	0.68 %	100 %	47.86 %
Yigong Justin Chen	—	—	—	—	—	—	—	—	—
Mingjun Wang	—	—	—	—	—	—	—	—	—
Yanhui Ma	—	—	—	—	—	—	—	—	—
Chiao-Ling Hsu	—	—	—	—	—	—	—	—	—
<b>All executive officers and directors of the company as a group (6 persons) (4)</b>	<b>958,430</b>	<b>1.84 %</b>	<b>4,708,415</b>	<b>100 %</b>	<b>5,666,845</b>	<b>9.99 %</b>	<b>1.84 %</b>	<b>100 %</b>	<b>48.48 %</b>
5% and Greater Shareholders									
New Summit Global Limited	2,703,475	5.20 %	—	—	2,703,475	4.77 %	5.20 %	—	2.73 %
CEIHL Partners (I) Limited (3)	3,420,375	6.58 %	—	—	3,420,375	6.03 %	6.58 %	—	3.45 %
CEIHL Partners (II) Limited (3)	11,144,636	21.42 %	—	—	11,144,636	19.65 %	21.42 %	—	11.25 %
New Flourish Holdings Limited (5)(6)	770,212	1.48 %	4,288,415	91.08 %	5,058,627	8.92 %	1.48 %	91.08 %	44.05 %
Spin-Rich Ltd. (5)(7)	—	—	420,000	8.92 %	420,000	0.74 %	—	8.92 %	4.24 %
Core Values Fund, L.P. (8)	5,000,000	9.61 %	—	—	5,000,000	8.81 %	9.61 %	—	5.05 %

Note: Shares of executive officers and directors less than 1% of outstanding shares and shares of shareholders less than 5% of outstanding shares were not shown.

- (1) In computing the number of shares beneficially owned by a person and the percentage ownership of a person, shares subject to warrants or other derivative securities held by that person that are currently exercisable or exercisable within 60 days are deemed outstanding. Such shares, however, are not deemed outstanding for purposes of computing the percentage ownership of each other person. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares.
- (2) Of the 351,312 Class A Ordinary Shares (i) 287,214 of the Class A Ordinary Shares are owned by New Flourish Holdings Limited (“New Flourish”) for the benefit of Dr. Huang and certain officers of the Company, and (ii) 64,098 of the Class A Ordinary Shares are owned directly by Dr. Huang. Dr. Huang as the sole director of New Flourish has voting control and investment power over the Class A Ordinary Shares held by New Flourish, but disclaims beneficial ownership over such shares, which are held for the benefit of certain officers of the Company.
- (3) Mrs. Ye Wen is the sole shareholder of CEIHL Partners (I) Limited and CEIHL Partners (II) Limited (collectively “CEIHL”). CEIHL Partners (I) Limited holds 3,420,375 Class A Ordinary Shares and CEIHL Partners (II) Limited holds 11,144,636 Class A Ordinary Shares. As the sole shareholder of CEIHL Partners (I) Limited and CEIHL Partners (II) Limited, Mrs. Ye Wen has sole voting and dispositive power over the Class A Ordinary Shares held by CEIHL.
- (4) Includes Class A Ordinary Shares and Class C Ordinary Shares held by all of our directors and executive officers as a group.
- (5) Of the 4,708,415 Class C Ordinary Shares, (i) 4,288,415 of the Class C Ordinary Shares are owned by New Flourish for the benefit of Dr. Jin Huang, and (ii) 420,000 of the Class C Ordinary Shares are owned by Spin-Rich Ltd. Dr. Huang as the sole director of New Flourish has voting control and investment power over the Class C Ordinary Shares held by New Flourish.

- (6) Dr. Jin Huang, as the sole director of New Flourish has voting control and investment power over the Class A Ordinary Shares and the Class C Ordinary Shares owned by New Flourish. Dr. Huang disclaims beneficial ownership over the Class A Ordinary Shares held by New Flourish, which are held for the benefit of certain officers of the Company.
- (7) Dr. Jin Huang has sole voting control and investment power over Class C Ordinary Shares owned by Spin-Rich Ltd.
- (8) Mr. Zhang Tong is the general partner of Core Values Fund, L.P. (“Core”). Core holds 5,000,000 Class A Ordinary Shares. As the general partner of Core, Mr. Zhang Tong has voting and dispositive power over the Class A Ordinary Shares held by Core.

Except as disclosed in this annual report, there are no relationships between the parties. Other than the voting proxies given to Dr. Jin Huang, and the contractual control arrangements disclosed in this annual report. We are not aware of any relationship or arrangement between or among any shareholders that would enable any of them to control, in substance or contractually, any other shareholder’s vote.

On November 23, 2022, we entered a share purchase agreement to dispose all equity interest of Ambow China for a cash consideration of \$12.0 million. The Sale of Ambow China was complete on December 31, 2022. After the Sale of Ambow China, we have sold all our assets and operations in China and have ceased the control of all the VIEs.

As of March 10, 2024, approximately 56,727,524 of our ordinary shares were issued and outstanding. Citibank, N.A., the depository, has advised us that, as of March 10, 2024, 814,018 ADRs, representing 16,280,360 underlying ordinary shares were outstanding. The number of beneficial owners of our ADR in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

## **Item 7. Major Shareholders and Related Party Transactions**

### **A. Major Shareholders**

Please refer to “Item 6.E Directors, Senior Management and Employees — Share Ownership.”

### **B. Related Party Transactions**

As of December 31, 2023, we had nil due from and due to related party. After the Sale of Ambow China, we have sold all our assets and operations in China and have ceased control of all the VIEs.

### **Employment agreements**

We have entered into a service contract with our Chief Executive Officer as well as employment agreements and confidential information and invention assignment agreements with each of our executive officers. See “Item 6.B— Directors, Senior Management and Employees—Compensation—Employment agreements.”

### **Indemnification agreements**

We have entered into indemnification agreements with each of our directors and executive officers that provide our directors and executive officers with additional protection regarding the scope of the indemnification set forth in our memorandum and articles of association. Pursuant to these agreements, we indemnify each of our directors and executive officers (to the fullest extent permitted by Cayman Islands law) against all costs and expenses, including expense advances, incurred in connection with any claim by reason or arising out of any event or occurrence relating to the fact that such person is our director or executive officer or is serving at our request at another corporation or entity, or by reason of any activity or inactivity while serving in such capacity. We are not, however, obligated to indemnify any such person:

- For expenses resulting from matters for which such person is prohibited from being indemnified under our memorandum and articles of association then in effect or applicable laws;

- In respect of any claim initiated or brought voluntarily by such person (other than in limited specified circumstances); or
- For expenses incurred in relation to any proceedings to enforce the agreement in which material assertions in such proceedings made by such person are finally determined by a court to be not made in good faith or to be frivolous.

### **Registration rights**

We entered into a registration rights agreement with Campus Holdings Limited (“Campus:”) Dr. Huang and Spin-Rich Ltd., which entitles them to certain registration rights, including demand registration rights, Form F-3 registration rights, and piggyback registration rights.

#### **C. Interests of Experts and Counsel**

Not applicable.

### **Item 8. Financial Information**

#### **A. Consolidated Financial Statements and other Financial Information**

Please see “Item 18. Financial Statements.”

### **Legal Proceedings**

As of December 31, 2023, there are no claims, lawsuits, investigations and proceedings, including un-asserted claims that are probable to be assessed, that have in the recent past had, or to our knowledge, are reasonably possible to have, a material change on our financial position results of operations or cash flow.

From time to time, we have been involved in various legal and regulatory proceedings arising in the normal course of business. While we cannot predict the occurrence or outcome of these proceedings with certainty, we do not believe that an adverse result in any pending legal or regulatory proceeding, individually or in the aggregate, would be material to our consolidated financial condition or cash flows; however, an unfavorable outcome could have a material adverse effect on our results of operations.

### **Dividends**

Since our inception, we have not declared or paid any dividends on our shares. We intend to retain any earnings for use in our business and do not currently intend to pay cash dividends on our ordinary shares. Dividends, if any, on our outstanding ordinary shares will be declared by and subject to the discretion of our board of directors, and subject to Cayman Islands law.

Any dividend we declare will be paid to the holders of ADSs, subject to the terms of the deposit agreement, to the same extent as holders of our ordinary shares, to the extent permitted by applicable law and regulations, less the fees and expenses payable under the deposit agreement. Any dividend we declare will be distributed by the depository bank to the holders of our ADSs. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

#### **B. Significant Changes**

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

### **Item 9. The Offer and Listing**

#### **A. Offer and Listing Details**

See “Item 9. The Offer and Listing—C. Markets.”

**B. Plan of Distribution**

Not applicable.

**C. Markets**

Our ADSs (each representing twenty Class A Ordinary Shares) currently trade in the NYSE American under the symbol “AMBO”. Prior to February 20, 2024, one ADS represented two Class A ordinary share. On February 20, 2024, we effected a change of the ADS to Class A ordinary share ratio from one ADS representing two Class A ordinary shares to one ADS representing twenty Class A ordinary shares. The ratio change has the same effect as a 1-for-10 ADS reverse split. There was no change to the our underlying Class A ordinary shares, and no Class A ordinary shares was issued or cancelled in connection with the change in ADS ratio.

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**Item 10. Additional Information**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Association**

Our Sixth Amended and Restated Memorandum and Articles of Association were adopted by our shareholders at an extraordinary general meeting held on June 30, 2015. A copy of the [Sixth Amended and Restated Memorandum and Articles of Association](#) are incorporated by reference to Exhibit 99.1 of our 6-K filed with the Commission on June 4, 2015.

**C. Material Contracts**

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” or elsewhere in this annual report on Form 20-F.

**D. Exchange Controls**

There are no exchange control or currency regulations in the Cayman Islands that would affect the payment of dividends, interest or other payments to non-resident holders of the Company’s securities, including the ordinary shares. Other jurisdictions in which the Company conducts operations may have various currency or exchange controls. In addition, the Company is subject to the risk of changes in political conditions or economic policies which could result in new or additional currency or exchange controls or other restrictions being imposed on the operations of the Company. As to the Company’s securities, Cayman Islands law and the Memorandum and Articles impose no limitations on the right of non-resident or foreign owners to hold or vote such securities.

**E. Taxation**

The following summary of the material Cayman Islands and United States federal income tax consequences of any investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws. Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any ADSs or ordinary shares under the laws of their country of citizenship, residence or domicile.

**Cayman Islands taxation**

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the ADSs or ordinary shares. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

No stamp duty, capital duty, registration or other issue or documentary taxes are payable in the Cayman Islands on the creation, issuance or delivery of the ADSs or ordinary shares. The Cayman Islands currently have no form of income, corporate or capital gains tax and no estate duty, inheritance tax or gift tax. There are currently no Cayman Islands' taxes or duties of any nature on gains realized on a sale, exchange, conversion, transfer or redemption of the ADSs or ordinary shares. Payments of dividends and capital in respect of the ADSs or ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the ADSs or ordinary shares, nor will gains derived from the disposal of the ADSs or ordinary shares be subject to Cayman Islands income or corporation tax as the Cayman Islands currently have no form of income or corporation taxes.

We have been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, have applied for and obtained an undertaking from the Governor of the Cayman Islands that no law enacted in the Cayman Islands during the period of 20 years from the date of the undertaking imposing any tax to be levied on profits, income, gains or appreciation shall apply to us or our operations and no such tax or any tax in the nature of estate duty or inheritance tax shall be payable (directly or by way of withholding) on the ADSs or ordinary shares, debentures or other obligations of ours.

**United States federal income taxation**

**General**

The following are the material U.S. federal income tax consequences of the acquisition, ownership and disposition of the ADSs or ordinary shares. As used in this discussion, references to "we," "us" or "our" refer to Ambow Education Holding Ltd.

The discussion below of the U.S. federal income tax consequences to "U.S. Holders" will apply to a beneficial owner of the ADSs or ordinary shares that is for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation) that is created or organized (or treated as created or organized) in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

A beneficial owner of the ADSs or ordinary shares that is described above is referred to herein as a “U.S. Holder.” If a beneficial owner of the ADSs or ordinary shares is not described as a U.S. Holder and is not an entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes, such owner will be considered a “Non-U.S. Holder.” The material U.S. federal income tax consequences applicable specifically to Non-U.S. Holders are described below under the heading “Non-U.S. Holders.”

This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, Treasury regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These authorities are subject to change or differing interpretations, possibly on a retroactive basis.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular holder based on such holder’s individual circumstances. In particular, this discussion considers only holders that purchase ADSs pursuant to this offering and own and hold the ADSs or ordinary shares as capital assets within the meaning of Section 1221 of the Code, and does not address the potential application of the alternative minimum tax or the U.S. federal income tax consequences to holders that are subject to special rules, including:

- financial institutions or financial services entities;
- broker-dealers;
- persons that are subject to the mark-to-market accounting rules under Section 475 of the Code;
- tax-exempt entities;
- governments or agencies or instrumentalities thereof;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- certain expatriates or former long-term residents of the United States;
- persons that actually or constructively own 5% or more of our voting shares (including as a result of ownership of the ADSs);
- persons that acquired the ADSs or ordinary shares pursuant to an exercise of employee options, in connection with employee incentive plans or otherwise as compensation;
- persons that hold the ADSs or ordinary shares as part of a straddle, constructive sale, hedging, conversion or other integrated transaction;
- persons whose functional currency is not the U.S. dollar;
- passive foreign investment companies; or
- controlled foreign corporations.

The discussion below assumes that the representations contained in the deposit Agreement are true and that the obligations in the deposit Agreement and any related agreement will be complied with in accordance with their terms. This discussion also assumes that the ADSs will represent only ordinary shares in us and will not represent cash or any other type of property. For U.S. federal income tax purposes, a holder of the ADSs will be treated as the beneficial owner of the underlying ordinary shares represented by such ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to U.S. federal income tax.

The U.S. Treasury has expressed concerns that parties to whom ADSs are pre-released may be taking actions that are inconsistent with the claiming, by U.S. Holders of ADSs, of foreign tax credits for U.S. federal income tax purposes. Such actions also would be inconsistent with the claiming of the reduced rate of tax applicable to dividends received by certain non-corporate U.S. Holders, as described below. Accordingly, the availability of foreign tax credits or the reduced tax rate for dividends received by certain non-corporate U.S. Holders could be affected by actions that may be taken by parties to whom ADSs are pre-released, or by future actions of the U.S. Treasury Department.

This discussion does not address any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws, or state, local or non-U.S. tax laws or, except as discussed herein, any tax reporting obligations applicable to a holder of the ADSs or ordinary shares. This discussion also does not address the tax treatment of any taxes, fees or expenses that may be payable by an ADS holder pursuant to the deposit Agreement. Additionally, this discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold the ADSs or ordinary shares through such entities. If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of the ADSs or ordinary shares, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. This discussion also assumes that any distribution made (or deemed made) to a holder in respect of the ADSs or ordinary shares and any consideration received (or deemed received) by a holder in connection with the sale or other disposition of the ADSs or ordinary shares will be in U.S. dollars.

We have not sought, and will not seek, a ruling from the Internal Revenue Service, (the “IRS”), or an opinion of counsel as to any U.S. federal income tax consequence described herein. The IRS may disagree with the description herein, and its determination may be upheld by a court. Moreover, there can be no assurance that future legislation, regulations, administrative rulings or court decisions will not adversely affect the accuracy of the statements in this discussion.

## **U.S. Holders**

### *Taxation of Cash Distributions Paid on ADSs or Ordinary Shares*

Subject to the passive foreign investment company (“PFIC”) rules discussed below, a U.S. Holder generally will be required to include in gross income as ordinary income the amount of any cash dividend paid on the ADSs or ordinary shares. A cash distribution on the ADSs or ordinary shares generally will be treated as a dividend for U.S. federal income tax purposes to the extent the distribution is paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Such dividend generally will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. The portion of such cash distribution, if any, in excess of such earnings and profits will be applied against and reduce (but not below zero) the U.S. Holder’s adjusted tax basis in the ADSs or ordinary shares. Any remaining excess generally will be treated as gain from the sale or other taxable disposition of such ADSs or ordinary shares.

With respect to non-corporate U.S. Holders, any such cash dividends may be subject to U.S. federal income tax at the lower applicable regular long term capital gains tax rate (see “—Taxation on the Disposition of ADSs or Ordinary Shares” below) provided that (a) the ADSs or ordinary shares are readily tradable on an established securities market in the United States; (b) we are not a PFIC, as discussed below, for either the taxable year in which the dividend was paid or the preceding taxable year, and (c) certain holding period requirements are met. Therefore, if the ADSs or ordinary shares are not readily tradable on an established securities market in the United States, then cash dividends paid by us to non-corporate U.S. Holders will not be subject to U.S. federal income tax at the lower regular long-term capital gains tax rate. Under published IRS authority, shares (including ADSs) are considered for purposes of clause (a) above to be readily tradable on an established securities market in the United States only if they are listed on certain exchanges, which presently include the NYSE American.

### *Taxation on the Disposition of ADSs or Ordinary Shares*

Upon a sale or other taxable disposition of the ADSs or ordinary shares, and subject to the PFIC rules discussed below, a U.S. Holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder's adjusted tax basis in the ADSs or ordinary shares.

The regular U.S. federal income tax rate on capital gains recognized by U.S. Holders generally is the same as the regular U.S. federal income tax rate on ordinary income, except that long term capital gains recognized by non-corporate U.S. Holders generally are subject to U.S. federal income tax at a maximum regular rate of 20%. Capital gain or loss will constitute long term capital gain or loss if the U.S. Holder's holding period for the ADSs or ordinary shares exceeds one year. The deductibility of capital losses is subject to various limitations.

### *Additional Taxes*

U.S. Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally will be subject to a 3.8% Medicare contribution tax on unearned income, including, without limitation, dividends on, and gains from the sale or other taxable disposition of, the ADSs or ordinary shares, subject to certain limitations and exceptions. Under applicable regulations, in the absence of a special election, such unearned income generally would not include income inclusions under the qualified electing fund ("QEF"), rules discussed below under "Passive Foreign Investment Company Rules," but would include distributions of earnings and profits from a QEF. U.S. Holders should consult their own tax advisors regarding the effect, if any, of such tax on their ownership and disposition of the ADSs or ordinary shares.

### *Passive Foreign Investment Company Rules*

A foreign (i.e., non-U.S.) corporation will be a PFIC if either (a) at least 75% of its gross income in a taxable year of the foreign corporation, including its pro rata share of the gross income of any corporation in which it is considered to own at least 25% of the shares by value, is passive income, or (b) at least 50% of its assets in a taxable year of the foreign corporation, ordinarily determined based on fair market value and averaged quarterly over the year, including its pro rata share of the assets of any corporation in which it is considered to own at least 25% of the shares by value, are held for the production of, or produce, passive income. Passive income generally includes dividends, interest, rents and royalties (other than certain rents or royalties derived from the active conduct of a trade or business), and gains from the disposition of passive assets.

Based on the expected composition (and estimated values) of the assets and the nature of the income of us and our subsidiaries, we do not expect to be treated as a PFIC for the current taxable year. However, our actual PFIC status for our current taxable year or any subsequent taxable year will not be determinable until after the end of such taxable year. Accordingly, there can be no assurance with respect to our status as a PFIC for our current taxable year or any subsequent taxable year.

If we are determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder of the ADSs or ordinary shares, and the U.S. Holder did not make a timely QEF election for our first taxable year as a PFIC in which the U.S. Holder held (or was deemed to hold) the ADSs or ordinary shares, a QEF election along with a purging election, or a mark-to-market election, each as described below, such holder generally will be subject to special rules for regular U.S. federal income tax purposes with respect to:

- any gain recognized by the U.S. Holder on the sale or other disposition of its ADSs or ordinary shares; and
- any "excess distribution" made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year of the U.S. Holder that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of the ADSs or ordinary shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder's holding period for the ADSs or ordinary shares).

Under these rules,

- the U.S. Holder's gain or excess distribution will be allocated ratably over the U.S. Holder's holding period for the ADSs or ordinary shares;
- the amount allocated to the U.S. Holder's taxable year in which the U.S. Holder recognized the gain or received the excess distribution or to the period in the U.S. Holder's holding period before the first day of our first taxable year in which we qualified as a PFIC will be taxed as ordinary income;
- the amount allocated to other taxable years (or portions thereof) of the U.S. Holder and included in its holding period will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder; and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such other taxable year of the U.S. Holder.

In general, if we are determined to be a PFIC, a U.S. Holder may avoid the PFIC tax consequences described above with respect to the ADSs or ordinary shares by making a timely QEF election (or a QEF election along with a purging election). Pursuant to the QEF election, a U.S. Holder will be required to include in income its pro rata share of our net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the taxable year of the U.S. Holder in which or with which our taxable year ends if we are treated as a PFIC for that taxable year. A U.S. Holder may make a separate election to defer the payment of taxes on undistributed income inclusions under the QEF rules, but if deferred, any such taxes will be subject to an interest charge.

The QEF election is made on a shareholder-by-shareholder basis and, once made, can be revoked only with the consent of the IRS. A U.S. Holder generally makes a QEF election by attaching a completed IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund), including the information provided in a PFIC annual information statement, to a timely filed U.S. federal income tax return for the taxable year to which the election relates. Retroactive QEF elections generally may be made only by filing a protective statement with such return and if certain other conditions are met or with the consent of the IRS.

In order to comply with the requirements of a QEF election, a U.S. Holder must receive certain information from us. Upon request from a U.S. Holder, we will endeavor to provide to the U.S. Holder no later than 90 days after the request such information as the IRS may require, including a PFIC annual information statement, in order to enable the U.S. Holder to make and maintain a QEF election. However, there is no assurance that we will have timely knowledge of our status as a PFIC in the future or of the required information to be provided.

If a U.S. Holder has made a QEF election with respect to the ADSs or ordinary shares, and the special tax and interest charge rules do not apply to such ADSs or ordinary shares (because of a timely QEF election for our first taxable year as a PFIC in which the U.S. Holder holds (or is deemed to hold) such ADSs or ordinary shares or a QEF election, along with a purge of the PFIC taint pursuant to a purging election, as described below), any gain recognized on the sale or other taxable disposition of such ADSs or ordinary shares generally will be taxable as capital gain and no interest charge will be imposed. As discussed above, for regular U.S. federal income tax purposes, U.S. Holders of a QEF generally are currently taxed on their pro rata shares of the QEF's earnings and profits, whether or not distributed. In such case, a subsequent distribution of such earnings and profits that were previously included in income generally should not be taxable as a dividend to such U.S. Holders. The adjusted tax basis of a U.S. Holder's ADSs or ordinary shares in a QEF will be increased by amounts that are included in income, and decreased by amounts distributed but not taxed as dividends, under the above rules. Similar basis adjustments apply to property if by reason of holding such property the U.S. Holder is treated under the applicable attribution rules as owning ADSs or ordinary shares in a QEF.

Although a determination as to our PFIC status will be made annually, an initial determination that we are a PFIC generally will apply for subsequent years to a U.S. Holder who held the ADSs or ordinary shares while we were a PFIC, whether or not we meet the test for PFIC status in those subsequent years. A U.S. Holder who makes the QEF election discussed above for our first taxable year as a PFIC in which the U.S. Holder holds (or is deemed to hold) the ADSs or ordinary shares, however, will not be subject to the PFIC tax and interest charge rules discussed above with respect to such ADSs or ordinary shares. In addition, such U.S. Holder will not be subject to the QEF inclusion regime with respect to such ADSs or ordinary shares for any of our taxable years that end within or with a taxable year of the U.S. Holder and in which we are not a PFIC. On the other hand, if the QEF election is not effective for each of our taxable years in which we are a PFIC and during which the U.S. Holder holds (or is deemed to hold) the ADSs or ordinary shares, the PFIC rules discussed above will continue to apply to such ADSs or ordinary shares unless the holder files on a timely filed U.S. federal income tax return (including extensions) a QEF election and a “purging election” to recognize under the rules of Section 1291 of the Code any gain that it would otherwise recognize if the U.S. Holder sold the ADSs or ordinary shares for their fair market value on the “qualification” date. The qualification date is the first day of our tax year in which we qualify as a QEF with respect to such U.S. Holder. The purging election can only be made if such U.S. Holder held the ADSs or ordinary shares on the qualification date. A purging election generally creates a deemed sale of such ADSs or ordinary shares at their fair market value. The gain recognized by the purging election generally will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above. As a result of the purging election, the U.S. Holder generally will increase the adjusted tax basis in its ADSs or ordinary shares by the amount of gain recognized and will also have a new holding period in its ADSs or ordinary shares for purposes of the PFIC rules.

Alternatively, if a U.S. Holder, at the close of its taxable year, owns ADSs or ordinary shares in a PFIC that are treated as marketable stock, the U.S. Holder may make a mark-to-market election with respect to such ADSs or ordinary shares for such taxable year. If the U.S. Holder makes a valid mark-to-market election for the first taxable year of the U.S. Holder in which the U.S. Holder holds (or is deemed to hold) the ADSs or ordinary shares and for which we are determined to be a PFIC, such holder generally will not be subject to the PFIC rules described above with respect to its ADSs or ordinary shares as long as such ADSs or ordinary shares continue to be treated as marketable stock. Instead, in general, the U.S. Holder will include as ordinary income each year that we are treated as a PFIC the excess, if any, of the fair market value of its ADSs or ordinary shares at the end of its taxable year over the adjusted tax basis in its ADSs or ordinary shares. The U.S. Holder also will be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted tax basis of its ADSs or ordinary shares over the fair market value of its ADSs or ordinary shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder’s adjusted tax basis in its ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of the ADSs or ordinary shares in a taxable year in which we are treated as a PFIC will be treated as ordinary income. Special tax rules may also apply if a U.S. Holder makes a mark-to-market election for a taxable year after the first taxable year in which the U.S. Holder holds (or is deemed to hold) the ADSs or ordinary shares and for which we are treated as a PFIC.

The mark-to-market election is available only for stock that is regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission, including the NYSE American, or on a foreign exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. Commencing on June 1, 2018, our ADSs began trading on the NYSE American. U.S. Holders should consult their own tax advisors regarding the availability and tax consequences of a mark-to-market election with respect to the ADSs or ordinary shares under their particular circumstances.

If we are a PFIC and, at any time, have a foreign subsidiary that is classified as a PFIC, a U.S. Holder of the ADSs or ordinary shares generally should be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if we receive a distribution from, or dispose of all or part of our interest in, or the U.S. Holder were otherwise deemed to have disposed of an interest in, the lower-tier PFIC. Upon request, we will endeavor to cause any lower-tier PFIC to provide to a U.S. Holder no later than 90 days after the request the information that may be required to make or maintain a QEF election with respect to the lower-tier PFIC. However, there is no assurance that we will have timely knowledge of the status of any such lower-tier PFIC or that we will be able to cause the lower-tier PFIC to provide the required information. A mark-to-market election generally would not be available with respect to such a lower-tier PFIC. U.S. Holders are urged to consult their own tax advisors regarding the tax issues raised by lower-tier PFICs.

A U.S. Holder that owns (or is deemed to own) ADSs or ordinary shares in a PFIC during any taxable year of the U.S. Holder may have to file an IRS Form 8621 (whether or not a QEF election or mark-to-market election is or has been made) with such U.S. Holder's U.S. federal income tax return and provide such other information as may be required by the U.S. Treasury Department.

The rules dealing with PFICs and with the QEF and mark-to-market elections are very complex and are affected by various factors in addition to those described above. Accordingly, U.S. Holders of the ADSs or ordinary shares should consult their own tax advisors concerning the application of the PFIC rules to the ADSs or ordinary shares under their particular circumstances.

### **Non-U.S. Holders**

Cash dividends paid or deemed paid to a Non-U.S. Holder with respect to the ADSs or ordinary shares generally will not be subject to U.S. federal income tax unless such dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains or maintained in the United States).

In addition, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain attributable to a sale or other taxable disposition of the ADSs or ordinary shares unless such gain is effectively connected with its conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains or maintained in the United States) or the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of such sale or other disposition and certain other conditions are met (in which case, such gain from U.S. sources generally is subject to U.S. federal income tax at a 30% rate or a lower applicable tax treaty rate).

Cash dividends and gains that are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains or maintained in the United States) generally will be subject to regular U.S. federal income tax at the same regular U.S. federal income tax rates as applicable to a comparable U.S. Holder and, in the case of a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes, may also be subject to an additional branch profits tax at a 30% rate or a lower applicable tax treaty rate.

### **Backup Withholding and Information Reporting**

In general, information reporting for U.S. federal income tax purposes should apply to cash distributions made on the ADSs or ordinary shares within the United States to a U.S. Holder (other than an exempt recipient) and to the proceeds from sales and other dispositions of the ADSs or ordinary shares by a U.S. Holder (other than an exempt recipient) to or through a U.S. office of a broker. Payments made (and sales and other dispositions effected at an office) outside the United States will be subject to information reporting in limited circumstances. In addition, certain information concerning a U.S. Holder's adjusted tax basis in its ADSs or ordinary shares and adjustments to that tax basis and whether any gain or loss with respect to such ADSs or ordinary shares is long-term or short-term also may be required to be reported to the IRS, and certain holders may be required to file an IRS Form 8938 (Statement of Specified Foreign Financial Assets) to report their interest in the ADSs or ordinary shares.

Moreover, backup withholding of U.S. federal income tax, at a current rate of 24%, generally will apply to cash dividends paid on the ADSs or ordinary shares to a U.S. Holder (other than an exempt recipient) and the proceeds from sales and other dispositions of the ADSs or ordinary shares by a U.S. Holder (other than an exempt recipient), in each case who:

- fails to provide an accurate taxpayer identification number;
- is notified by the IRS that backup withholding is required; or
- in certain circumstances, fails to comply with applicable certification requirements.

A Non-U.S. Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding will be allowed as a credit against a U.S. Holder's or a Non-U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS. Holders are urged to consult their own tax advisors regarding the application of backup withholding and the availability of and procedures for obtaining an exemption from backup withholding in their particular circumstances.

YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR CIRCUMSTANCES, AS WELL AS ANY ADDITIONAL TAX CONSEQUENCES RESULTING FROM AN INVESTMENT IN THE ADSs OR ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF THE TAX LAWS OF ANY STATE, LOCAL OR FOREIGN JURISDICTION, INCLUDING ESTATE, GIFT AND INHERITANCE LAWS.

**F. Dividends and Paying Agents**

Not applicable.

**G. Statements by Experts**

Not applicable.

**H. Documents on Display**

The documents concerning our company referred to in this document and required to be made available to the public are available at our principal executive offices located 19925 Stevens Creek Blvd, Cupertino, CA 95014, USA.

In addition, we previously filed with the SEC our registration statement on Form F-1 (Registration No. 333-168096, as amended) and prospectus under the Securities Act of 1933, with respect to our ordinary shares. We have filed amended Form F-1 (Registration No. 333-220207, as amended) and prospectus. We have also filed with the SEC a related registration statement on F-6 (Registration No. 333-168238) to register the ADSs. We have filed with the SEC our shelf registration statement on Form F-3 (Registration No. 333-264878).

We are subject to the periodic reporting and other informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the close of each fiscal year. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates. The SEC also maintains a web site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

**I. Subsidiary Information**

See "Item 4.C Information on the Company—Organizational Structure" for information about our subsidiaries.

**J. Annual Report to Security Holders**

Not applicable.

**Item 11. Quantitative and Qualitative Disclosures About Market Risk**

*Interest rate risk.* At December 31, 2022 and 2023, we had \$3.0 million and \$3.9 million, respectively, of borrowings outstanding. The interest rates on our borrowings are fixed as defined in respective loan agreements. A hypothetical 10% increase in interest rates in 2023 would have resulted in an increase of approximately \$0.01 million in our interest expense for 2023.

*Foreign exchange risk.* Substantially most of our revenues and most of our expenses of discontinued operations are denominated in RMB, while the revenues and expenses of our continuing operation are denominated in US\$. Our exposure to foreign exchange risk primarily relates to cash and cash equivalents denominated in U.S. dollars. We do not believe that we currently have any significant direct foreign exchange risk and have not hedged exposures denominated in foreign currencies or any other derivative financial instruments.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the People's Bank of China, or PBOC. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the RMB to the U.S. dollar. Under the policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy resulted in an approximately 21.3% appreciation of the RMB against the U.S. dollar between July 21, 2005 and December 31, 2009. In June 2010, the PBOC announced it has decided to proceed further with reform of the RMB exchange regime and to enhance the RMB exchange rate flexibility. From 2010 to 2023, the depreciation of the RMB against the U.S. dollar reached 0.9% in total. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and U.S. dollar in the future. We have not used any forward contracts or currency borrowings to hedge our exposure to foreign currency exchange risk.

**Item 12. Description of Securities Other Than Equity Securities**

**A. Debt Securities**

Not applicable.

**B. Warrants and Rights**

Not applicable.

**C. Other Securities**

Not applicable.

**D. American Depositary Shares**

***Fees and Charges Our ADS Holders May Have to Pay***

Citibank, N.A. is the depository of our ADS program. Our ADS holders will be required to pay the following service fees to the depository bank for our ADSs:

<b>Service</b>	<b>Fees</b>
Issuance of ADSs	up to U.S. 5¢ per ADS issued
Cancellation of ADSs	up to U.S. 5¢ per ADS canceled
Distribution of cash dividends or other cash distributions	up to U.S. 5¢ per ADS held
Distribution of ADSs pursuant to stock dividends, free stock distributions or exercise of rights	up to U.S. 5¢ per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs	up to U.S. 5¢ per ADS held
Depository Services	up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depository

An ADS holder you will also be responsible to pay certain fees and expenses incurred by the depository and certain taxes and governmental charges such as:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares);
- Expenses incurred for converting foreign currency into U.S. dollars;
- Expenses for cable, telex and fax transmissions and for delivery of securities;
- Taxes and duties upon the transfer of securities (i.e., when ordinary shares are deposited or withdrawn from deposit); and
- Fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.

Depository fees payable upon the issuance and cancellation of ADSs are typically paid to the depository by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depository and by the brokers (on behalf of their clients) delivering the ADSs to the depository for cancellation. The brokers in turn charge these fees to their clients. Depository fees payable in connection with distributions of cash or securities to ADS holders and the depository services fee are charged by the depository to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (i.e., stock dividend, rights), the depositary charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depositary generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositaries.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes.

***Fees and Payments from the Depositary to Us***

The depositary has agreed to reimburse us for certain expenses incurred by us in respect of our ADR program and investor relations program. For the year ended December 31, 2023, we have received \$830.8, net of applicable taxes, from Citibank, N.A., the depositary bank for our ADR program.

## PART II

### **Item 13. Defaults, Dividend Arrearages and Delinquencies**

Not applicable.

### **Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

None.

### **Item 15. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15I under the Exchange Act) as of the end of the period covered by this report, as required by Rule 13a-15(b) under the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer has concluded, as of December 31, 2023, that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

#### **Management's Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act). Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management or our board of directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our interim or annual consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, with the participation of our Chief Executive Officer, evaluated the effectiveness of our internal control over financial reporting using the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, our management has concluded that the internal control over financial reporting was effective as of December 31, 2023.

#### **Attestation Report of the Registered Public Accounting Firm**

Not applicable.

#### **Changes in Internal Control over Financial Reporting**

There were no significant changes in our internal controls over financial reporting in connection with the evaluation required by Rules 13a-15 or 15d-15 that occurred during the period covered by this annual report that have materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

**Item 16 [Reserved]**

**Item 16A Audit Committee Financial Expert**

Our board of directors has determined that Yanhui Ma, an independent director (using the standards set forth in Section 303A of the NYSE Listed Company Manual and Rule 10A-3 under the Exchange Act) and member of our audit committee is our audit committee financial expert.

**Item 16B Code of Ethics**

Our Code of Conduct and Ethics, or Code, summarizes the ethical standards and key policies that guide our business conduct and applies to our directors, executive officers and employees. The purpose of the Code is to promote ethical conduct and deter wrongdoing. The policies outlined in the Code are designed to ensure that our directors, executive officers and employees act in accordance with not only the letter but also the spirit of the laws and regulations that apply to our business. We expect our directors, executive officers and employees to exercise good judgment, to uphold these standards in their day-to-day activities, and to comply with all applicable policies and procedures in the course of their relationship with the company. A copy of our Code is posted on our website at [www.ambow.com](http://www.ambow.com).

**Item 16C Principal Accountant Fees and Services**

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Marcum Asia CPAs LLP, our independent registered public accounting firm for 2022 and 2023. We did not pay any other fees to our independent registered public accounting firm during the periods indicated below.

	<u>For the years ended December 31,</u>	
	<u>2022</u>	<u>2023</u>
	<i>(U.S. dollars in millions)</i>	
Audit fees	0.4	0.2

“Audit fees” means the aggregated fees billed for professional services rendered by our independent registered public accounting firm for the audit of our annual financial statements and the review of our comparative interim financial statements.

The policy of our audit committee is to pre-approve all audit services provided by Marcum Asia CPAs LLP, other than those for de minimis services which are approved by the audit committee prior to the completion of the audit.

**Item 16D Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16E Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

Not applicable.

**Item 16F Change in Registrant’s Certifying Accountant**

None.

**Item 16G Corporate Governance**

As a foreign private issuer, we are permitted to follow corporate governance practices in accordance with Cayman Islands law in lieu of most of the corporate governance rules set forth by national securities exchange, such as the NYSE. As a result, our corporate governance practices differ in some respects from those required to be followed by U.S. companies listed on a national securities exchange. As a Cayman Islands exempted company, Ambow Education Holding Ltd. is not required to have a separate nominating committee of the Board. The full Board of Directors will perform the functions performed by such committee. This is the only practice required to be followed by U.S. companies listed on a national securities exchange that we are not following.

**Item 16H Mine Safety Disclosure**

Not applicable.

**Item 16I Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**Item 16J Insider Trading Policies**

Pursuant to applicable SEC transition guidance, the disclosure required by Item 16J will only be applicable to the Company from the fiscal year ending on December 31, 2024.

**Item 16K Cybersecurity**

**Risk Management and Strategy**

We have developed and put into place an information security program that is customized to fit our specific operations, infrastructure, products, and services, as well as the level of sensitivity of our data. This program involves processes that are specifically created to recognize, evaluate, and handle significant risks stemming from cybersecurity threats.

We have implemented cybersecurity risk management processes that include, for example, vulnerability assessments, application security assessments, penetration testing, third party security assessments, security audits, and ongoing risk assessments. In addition, we have implemented technical, physical, and organizational safeguards designed to mitigate material risks from cybersecurity threats, including, for example, depending on the environment or system: information security policies and standards, data protection policies and standards, security training and awareness campaigns, information protection processes, and systems monitoring for cybersecurity threats. We have also implemented an Incident Response Plan and procedures that provide a framework for responding to cybersecurity incidents.

As of the date of this annual report, we have not experienced any material cybersecurity incidents or identified any material cybersecurity threats that have affected or are reasonably likely to materially affect us, our business strategy, results of operations or financial condition.

**Governance**

Our board of directors oversees the cybersecurity risks and be informed on risks from cybersecurity threats and receives reports from members of the cybersecurity management team during board meetings regarding the management of cybersecurity risks and any existing issues.

Our cybersecurity management team is informed about and monitors the prevention, detection, mitigation and remediation of key cybersecurity risks and incidents through a variety of ways. These ways may include providing periodic briefings on the current state of our defenses, potential threats, and counteractive measures, discussing the impact of cybersecurity trends on our strategic outlook and risk landscape, evaluating our cybersecurity strategy to ensure it is ahead of emerging threats, working with independent cybersecurity experts, and objectively complementing and evaluating our internal cybersecurity posture. We have the necessary skills and extensive external resources to mitigate, detect, respond to, and recover from cybersecurity risks and incidents.

**PART III**

**Item 17. Financial Statements**

We have elected to provide financial statements pursuant to Item 18.

**Item 18. Financial Statements**

The consolidated financial statements of Ambow are included at the end of this annual report.

**Item 19. Exhibits**

Exhibit No.	Description
1.1	<a href="#">Sixth Amended and Restated Memorandum and Articles of Association (incorporated by reference to Exhibit 99.1 of our 6-K filed with the Commission on June 4, 2015)</a>
2.1	<a href="#">Specimen American Depositary Receipt (incorporated by reference to Exhibit (a) of our F-6 registration statement (File No. 333-168238), initially filed with the Commission on July 21, 2010, as amended on January 29, 2024 (the “F-6 Registration Statement”))</a>
2.2	<a href="#">Specimen Certificate for Class A Ordinary Shares (incorporated by reference to Exhibit 4.2 of the F-1 Registration Statement)</a>
2.3	<a href="#">Form of Deposit Agreement among the company, the depository and holders of the American Depositary Receipts (incorporated by reference to Exhibit (a) of the F-6 Registration Statement, as amended on January 29, 2024)</a>
2.4	<a href="#">Third Amended and Restated Investor Rights Agreement, among the company and the other parties therein (incorporated by reference to Exhibit 4.4 of our registration statement (File No. 333-168096), as amended, initially filed with the Commission on July 14, 2010 (the “F-1 Registration Statement”))</a>
2.5*	<a href="#">Description of Securities of the Registrant</a>
4.1	<a href="#">Form of Indemnification Agreement with the company’s directors and executive officers (incorporated by reference to Exhibit 10.3 of the F-1 Registration Statement)</a>
4.2	<a href="#">Amended 2010 plan (incorporated by reference to Exhibit 99.1 of our 6-K filed with the Commission on November 14, 2018)</a>
4.3	<a href="#">Share Purchase Agreement among Ambow Education Holding Ltd., Ambow Education Ltd., Ambow Education Management Ltd. and Ambow Education Group Ltd., and Clover Wealth Limited, dated November 23, 2022 (incorporated by reference to Exhibit 99.2 of Form 6-K filed with the Commission on November 23, 2022)</a>
4.4	<a href="#">Securities Purchase Agreement by and between Ambow Education Holding Ltd. and the investor identified therein, dated as of February 1, 2023 (incorporated by reference to Exhibit 99.2 of Form 6-K filed with the Commission on March 2, 2023)</a>
8.1*	<a href="#">List of Subsidiaries and Consolidated Affiliated Entities</a>
11.1*	<a href="#">Code of Ethics</a>
12.1*	<a href="#">Certification by Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2*	<a href="#">Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1*	<a href="#">Certification by Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
13.2*	<a href="#">Certification by Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1*	<a href="#">Consent of Marcum Asia CPAs LLP*</a>
97*	<a href="#">Clawback Policy</a>
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase*
Exhibit 104	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

\* Filed with this annual report on Form 20-F.

**SIGNATURE**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

AMBOW EDUCATION HOLDING LTD.  
(Registrant)

By: /s/ Jin Huang

Dr. Jin Huang  
President, Chief Executive Officer and Acting Chief Financial  
Officer

Date: April 25, 2024

AMBOW EDUCATION HOLDING LTD.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors  
of Ambow Education Holding Ltd.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Ambow Education Holding Ltd. (the “Company”) as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive (loss) income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

***Impairment Assessment on Intangible Assets and Other Long Lived Assets***

*Critical Audit Matter Description*

As described in Note 7, Note 8, and Note 16 to the consolidated financial statements, the Company performed impairment analysis on the property and equipment, intangible assets, and operating lease right-of-use assets, and no impairment loss recognized for property and equipment, intangible assets, or operating lease right-of-use assets during the year ended December 31, 2023.

The Company's impairment analysis involved a high degree of subjectivity, including the projection of future cash flows. The significant assumptions used in calculating projected future cash flows include revenue growth rates, operating margins and discount rate.

Auditing the Company's impairment analysis was complex due to the significant uncertainty of estimates and judgements in forecasting the future cash flows. Future changes in the estimates and judgments could result in a significantly different estimate of the fair value of the long-lived assets group, and could result in additional impairment.

*How We Addressed the Matter in Our Audit*

Our principal audit procedures included, among others:

- testing the completeness and accuracy, and assessing the relevance of underlying data used in the future cash flows;
- corroborating the significant assumptions, including revenue growth rates, operating margins and discount rate, with historical data and evidence obtained to support future projection;
- involving our valuation specialists to assist in evaluating the valuation methodologies and significant assumptions used by the Company in the impairment analysis.

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP

We have served as the Company's auditor since 2013.

New York, NY

April 25, 2024

**AMBOW EDUCATION HOLDING LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(All amounts in thousands, except for share and per share data)

	<u>Note</u>	<u>As of December 31,</u>	
		<u>2022</u>	<u>2023</u>
		Note 3(b)	
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4	\$ 3,308	\$ 4,834
Restricted cash	4	4,362	5,221
Accounts receivable, net	5	1,983	2,280
Prepaid and other current assets	6	6,171	178
Total current assets		<u>15,824</u>	<u>12,513</u>
<b>Non-current assets:</b>			
Property and equipment, net	7	276	6
Intangible assets, net	8	537	522
Other non-current assets, net	9	1,970	2,629
Operating lease right-of-use asset	16	6,909	4,896
Total non-current assets		<u>9,692</u>	<u>8,053</u>
<b>Total assets</b>		<u>\$ 25,516</u>	<u>\$ 20,566</u>

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

**AMBOW EDUCATION HOLDING LTD.**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
(All amounts in thousands, except for share and per share data)

	<u>Note</u>	<u>As of December 31,</u>	
		<u>2022</u>	<u>2023</u>
		<u>Note 3(b)</u>	
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short-term borrowings	10	\$ 3,029	\$ 3,939
Accounts payable		2,393	1,386
Accrued and other liabilities	11	3,737	1,468
Income taxes payable, current		528	510
Operating lease liability, current	16	2,218	2,486
Total current liabilities		<u>11,905</u>	<u>9,789</u>
<b>Non-current liabilities:</b>			
Operating lease liability, non-current	16	5,744	4,349
Total non-current liabilities		<u>5,744</u>	<u>4,349</u>
<b>Total liabilities</b>		<u>\$ 17,649</u>	<u>\$ 14,138</u>

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

**AMBOW EDUCATION HOLDING LTD.**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
(All amounts in thousands, except for share and per share data)

	<u>Note</u>	<u>As of December 31,</u>	
		<u>2022</u>	<u>2023</u>
		<u>Note 3(b)</u>	
<b>Commitments and contingencies</b>	17		
<b>EQUITY</b>			
<b>Preferred shares</b>			
(\$0.003 par value; 1,666,667 shares authorized, nil issued and outstanding as of December 31, 2022 and 2023)		—	—
<b>Class A Ordinary shares</b>			
(\$0.003 par value; 66,666,667 and 66,666,667 shares authorized; 47,419,109 and 52,419,109 shares issued and outstanding as of December 31, 2022 and 2023, respectively)	12	\$ 131	\$ 146
<b>Class C Ordinary shares</b>			
(\$0.003 par value; 8,333,333 and 8,333,333 shares authorized; 4,708,415 and 4,708,415 shares issued and outstanding as of December 31, 2022 and 2023, respectively)	12	13	13
Additional paid-in capital		515,182	517,031
Accumulated deficit		(507,459)	(510,634)
Accumulated other comprehensive income		—	(128)
<b>Total equity</b>		<u>7,867</u>	<u>6,428</u>
<b>Total liabilities and equity</b>		<u>\$ 25,516</u>	<u>\$ 20,566</u>

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

**AMBOW EDUCATION HOLDING LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
**(All amounts in thousands, except for share and per share data)**

	Note	Years ended December 31,		
		2021 Note 3(b)	2022 Note 3(b)	2023
<b>NET REVENUES</b>				
- Educational programs and services		\$ 17,816	\$ 14,840	\$ 9,163
<b>COST OF REVENUES</b>				
- Educational programs and services		(15,393)	(14,556)	(6,669)
<b>GROSS PROFIT</b>		2,423	284	2,494
<b>OPERATING EXPENSES</b>				
Selling and marketing		(3,133)	(1,487)	(1,051)
General and administrative		(7,922)	(7,628)	(5,264)
Research and development		—	—	(484)
Impairment loss		—	(657)	—
Total operating expenses		(11,055)	(9,772)	(6,799)
<b>OPERATING LOSS</b>		(8,632)	(9,488)	(4,305)
<b>OTHER INCOME (EXPENSE)</b>				
Interest income (expenses), net	10	238	(101)	(57)
Other (expenses) income, net		(260)	500	(199)
Gain on forgiven PPP loan		1,460	—	—
Loss on disposal of subsidiaries		—	(163)	—
Gain on disposal of assets	18	—	—	1,400
Total other income, net		1,438	236	1,144
<b>LOSS BEFORE INCOME TAX AND NON-CONTROLLING INTERESTS</b>		(7,194)	(9,252)	(3,161)
Income tax benefit (expenses)		505	—	(14)
<b>LOSS FROM CONTINUING OPERATIONS</b>		(6,689)	(9,252)	(3,175)
Income (Loss) from and on sale of discontinued operations, net of income tax		7,002	(5,056)	—
<b>NET INCOME (LOSS)</b>		\$ 313	\$ (14,308)	\$ (3,175)
Less: Net loss attributable to noncontrolling interests from continuing operations		—	—	—
Less: Net loss attributable to noncontrolling interests from discontinued operations		(157)	(235)	—
<b>NET LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS FROM CONTINUING OPERATIONS</b>		(6,689)	(9,252)	(3,175)
<b>NET INCOME (LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS FROM DISCONTINUED OPERATIONS</b>		7,159	(4,821)	—
<b>NET INCOME (LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>		\$ 470	\$ (14,073)	\$ (3,175)
<b>OTHER COMPREHENSIVE LOSS, NET OF TAX</b>				
Foreign translation adjustments		(112)	(339)	—
Unrealized loss on short term investments		(16)	—	—
Other comprehensive loss		(128)	(339)	—
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		185	(14,647)	(3,175)
Basic loss from continuing operations per share	15	\$ (0.14)	\$ (0.19)	\$ (0.06)
Diluted loss from continuing operations per share	15	\$ (0.14)	\$ (0.19)	\$ (0.06)
Basic loss from continuing operations per ADS	15	\$ (2.80)	\$ (3.80)	\$ (1.20)
Diluted loss from continuing operations per ADS	15	\$ (2.80)	\$ (3.80)	\$ (1.20)
Basic income (loss) from discontinued operations per share	15	\$ 0.15	\$ (0.10)	—
Diluted income (loss) from discontinued operations per share	15	\$ 0.15	\$ (0.10)	—
Basic income (loss) from discontinued operations per ADS	15	\$ 3.00	\$ (2.00)	—
Diluted income (loss) from discontinued operations per ADS	15	\$ 3.00	\$ (2.00)	—
Weighted average shares used in calculating basic net income (loss) per share		46,654,853	49,458,266	56,333,003
Weighted average shares used in calculating diluted net income (loss) per share		46,654,853	49,458,266	56,333,003
Share-based compensation expense from continuing operations included in:				
- Selling and marketing		—	—	—
- General and administrative	13	\$ 139	\$ 1,083	—
- Research and development		—	—	—

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

**AMBOW EDUCATION HOLDING LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(All amounts in thousands, except for share and per share data)**

	Note	Attributable to Ambow Education Holding Ltd.'s Equity									
		Class A Ordinary shares (Note 12)		Class C Ordinary shares (Note 12)		Additional paid-in capital	Statutory reserves	Accumulated deficit	Accumulated other comprehensive income	Non-controlling Interest	Total Equity
		Shares	Amount	Shares	Amount						
<b>Balance as of January 1, 2021</b>		<b>41,923,276</b>	<b>\$ 115</b>	<b>4,708,415</b>	<b>\$ 13</b>	<b>\$ 513,976</b>	<b>\$ 615</b>	<b>\$ (495,769)</b>	<b>\$ 1,765</b>	<b>\$ (315)</b>	<b>\$ 20,400</b>
Share-based compensation	13	—	—	—	—	139	—	—	—	—	139
Issuance of ordinary shares for restricted stock award	13	50,000	0	—	—	(0)	—	—	—	—	—
Foreign currency translation adjustment		—	—	—	—	—	—	—	(112)	—	(112)
Unrealized gain on investment, net of income taxes		—	—	—	—	—	—	—	(16)	—	(16)
Deregistration of subsidiaries		—	—	—	—	—	(59)	59	—	526	526
Capital injection from minority shareholders		—	—	—	—	—	—	—	—	16	16
Net income (loss)		—	—	—	—	—	—	470	—	(157)	313
<b>Balance as of December 31, 2021</b>		<b><u>41,973,276</u></b>	<b><u>\$ 115</u></b>	<b><u>4,708,415</u></b>	<b><u>\$ 13</u></b>	<b><u>\$ 514,115</u></b>	<b><u>\$ 556</u></b>	<b><u>\$ (495,240)</u></b>	<b><u>\$ 1,637</u></b>	<b><u>\$ 70</u></b>	<b><u>\$ 21,266</u></b>

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

**AMBOW EDUCATION HOLDING LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
 (All amounts in thousands, except for share and per share data)

	Note	Attributable to Ambow Education Holding Ltd.'s Equity									
		Class A Ordinary shares (Note 12)		Class C Ordinary shares (Note 12)		Additional paid-in capital	Statutory reserves	Accumulated deficit	Accumulated other comprehensive income	Non-controlling Interest	Total Equity
		Shares	Amount	Shares	Amount						
<b>Balance as of January 1, 2022</b>		41,973,276	\$ 115	4,708,415	\$ 13	\$ 514,115	\$ 556	\$ (495,240)	\$ 1,637	\$ 70	\$ 21,266
Share-based compensation	13	—	—	—	—	1,083	—	—	—	—	1,083
Issuance of ordinary shares for restricted stock award	13	5,445,833	16	—	—	(16)	—	—	—	—	—
Foreign currency translation adjustment		—	—	—	—	—	—	1,298	(1,637)	—	(339)
Disposal of subsidiaries		—	—	—	—	—	(556)	556	—	(17)	(17)
Capital injection from minority shareholders		—	—	—	—	—	—	—	—	182	182
Net loss		—	—	—	—	—	—	(14,073)	—	(235)	(14,308)
<b>Balance as of December 31, 2022</b>		<u>47,419,109</u>	<u>\$ 131</u>	<u>4,708,415</u>	<u>\$ 13</u>	<u>\$ 515,182</u>	<u>—</u>	<u>\$ (507,459)</u>	<u>—</u>	<u>—</u>	<u>\$ 7,867</u>

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

**AMBOW EDUCATION HOLDING LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
**(All amounts in thousands, except for share and per share data)**

	Note	Attributable to Ambow Education Holding Ltd.'s Equity									
		Class A Ordinary shares (Note 12)		Class C Ordinary shares (Note 12)		Additional paid-in capital	Statutory reserves	Accumulated deficit	Accumulated other comprehensive income	Non-controlling Interest	Total Equity
		Shares	Amount	Shares	Amount						
<b>Balance as of January 1, 2023</b>		47,419,109	\$ 131	4,708,415	\$ 13	\$ 515,182	—	\$ (507,459)	—	—	\$ 7,867
Issuance of ordinary shares in a registered direct offering	12	5,000,000	15	—	—	1,849	—	—	—	—	1,864
Impact on changing the reporting currency		—	—	—	—	—	—	—	(128)	—	(128)
Net loss		—	—	—	—	—	—	(3,175)	—	—	(3,175)
<b>Balance as of December 31, 2023</b>		<u>52,419,109</u>	<u>\$ 146</u>	<u>4,708,415</u>	<u>\$ 13</u>	<u>\$ 517,031</u>	<u>—</u>	<u>\$ (510,634)</u>	<u>\$ (128)</u>	<u>—</u>	<u>\$ 6,428</u>

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

**AMBOW EDUCATION HOLDING LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(All amounts in thousands, except for share and per share data)**

	Years ended December 31,		
	2021 Note 3(b)	2022 Note 3(b)	2023
<b>Cash flows from operating activities</b>			
Net loss from continuing operations	\$ (6,689)	\$ (9,252)	\$ (3,175)
Net income (loss) from discontinued operations	7,002	(5,056)	—
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Depreciation and amortization	378	226	18
Amortization of operating lease right-of-use asset	3,390	3,519	2,076
Lease termination and modification gain	—	(756)	—
Share-based compensation expense	139	1,083	—
Bad debt provision	752	163	389
Impairment loss	—	657	—
Interest expense	(12)	—	—
Deferred income tax benefit	(542)	—	—
Loss on disposal of subsidiaries	—	163	—
Disposal loss from property and equipment	—	—	267
Gain from forgiven PPP loan	(1,460)	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(1,627)	(415)	(1,384)
Prepaid and other current assets	145	788	5,993
Other non-current assets	1,100	722	39
Accounts payable	1,476	(237)	(1,007)
Accrued and other liabilities	3,161	860	(2,298)
Income tax payable	(153)	—	(18)
Deferred revenue	86	(781)	—
Operating lease liabilities	(3,309)	(2,386)	(1,190)
Net cash used in operating activities, continuing operations	(3,165)	(5,646)	(290)
Net cash provided by (used in) operating activities, discontinued operations	666	(3,602)	—
<b>Cash flows from investing activities</b>			
Proceeds from sale of property and equipment	19	—	—
Proceeds from sale of intangible assets	13	—	—
Net cash provided by investing activities, continuing operations	32	—	—
Net cash provided by (used in) investing activities, discontinued operations	16,789	(19,491)	—

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

**AMBOW EDUCATION HOLDING LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**(All amounts in thousands, except for share and per share data)**

	Years ended December 31,		
	2021 Note 3(b)	2022 Note 3(b)	2023
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares and warrants to purchase ordinary shares, net off expenses	16	—	1,864
Proceeds from short-term borrowing	—	3,014	2,439
Repayments of short-term borrowing	—	—	(1,500)
Funding provided to discontinued operations	(99)	—	—
Net cash (used in) provided by financing activities, continuing operations	(83)	3,014	2,803
Net cash provided by financing activities, discontinued operations	999	2,040	—
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(2,558)	(100)	(128)
Net change in cash, cash equivalents and restricted cash	12,680	(23,785)	2,385
Cash, cash equivalents and restricted cash at beginning of year	18,775	31,455	7,670
Cash, cash equivalents and restricted cash at end of year	\$ 31,455	\$ 7,670	\$ 10,055
Less: Cash, restricted cash and cash equivalents of discontinued operations	29,846	—	—
Cash, cash equivalents and restricted cash at end of year from continuing operations	\$ 1,609	\$ 7,670	\$ 10,055
<b>Supplemental disclosure of cash flow information</b>			
income tax paid	—	—	\$ (27)
Interest paid	—	\$ (1)	\$ (164)
<b>Supplemental disclosure of non-cash investing and financing activities:</b>			
Derecognition of assets other than cash of disposed subsidiaries/deregistered subsidiaries	—	\$ 62	—
Derecognition of liabilities of disposed subsidiaries/deregistered subsidiaries, net of recognized amount due to the disposed subsidiaries/deregistered subsidiaries	—	\$ 86	—
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	\$ 1,343	—	\$ 129
Receivable from sale of discontinued operations	—	\$ 6,058	—

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

**AMBOW EDUCATION HOLDING LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(All amounts in thousands, except for share and per share data)**

**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

***a. Background***

The accompanying consolidated financial statements include the financial statements of Ambow Education Holding Ltd. (hereafter refer as the “Company”), its subsidiaries. The Company and its subsidiaries are hereinafter collectively referred to as the “Group”.

The Company was incorporated in the Cayman Islands on June 26, 2007. On August 5, 2010, the Company and certain selling shareholders of the Company completed its initial public offering. In June 2018, the Company completed its public offering of 2,070,000 ADSs at \$4.25 per ADS.

On October 5, 2020, the Company completed the issuance of 1,507,538 ADSs, at a purchase price of \$3.98 per ADS, in a registered direct offering. Each ADS represents two Class A ordinary shares of the Company.

On November 23, 2022, the Company and its wholly owned subsidiaries, namely Ambow Education Ltd., Ambow Education Management Ltd. and Ambow Education Group Ltd. (collectively, the “Ambow China”) entered into a share purchase agreement (the “Purchase Agreement”) with Clover Wealth Limited (the “Purchaser”), a third party. Pursuant to the Purchase Agreement, the Company have agreed to sell all of the equity interests in the Ambow China to the Purchaser in consideration of the Purchaser paying \$12 million in cash to the Company (the “Sale of Ambow China”). The Sale was completed on December 31, 2022. Upon completion of the Sale of Ambow China, the Company would have sold all of its assets and operations in China. The Sale of Ambow China does not affect the sale of the K-9 Business and the historical financial data related to the K-9 business are included in discontinued operations.

On February 28, 2023, the Company completed the issuance of 2,500,000 ADSs (representing 5,000,000 Class A Ordinary Shares), at a purchase price of \$0.80 per ADS, in a registered direct offering.

***b. Nature of operations***

The Group is a U.S.-based, AI-driven technology educational company. Its mission is to eliminate barriers between online and offline environments, languages and regions, and academia and industry. The Group is developing a new HybriU AI Digital Education Solution that transforms the educational environment, bridging the gap between traditional methods and the future of digital learning. This solution combines sophisticated software and hardware to create an AI-powered digital and hybrid classroom, designed to enhance educational delivery and engagement. Through HybriU, the Group’s dynamic will be patented open-platform technology that facilitates hybrid learning. In addition, the Group offers high-quality, individualized, and dynamic career education services and products through the operation of its for-profit colleges.

### c. Major subsidiaries

As of December 31, 2023, the Company's major subsidiaries include the following entities:

<u>Name</u> <u>Subsidiaries</u>	<u>Date of</u> <u>incorporation</u> <u>or acquisition</u>	<u>Place of</u> <u>incorporation</u> <u>(or establishment)</u> <u>/operation</u>	<u>Percentage</u> <u>of</u> <u>ownership</u> <u>%</u>	<u>Principal activity</u>
Ambow Education Inc.	July 5, 2016	United States	100 %	Investment Holding
Ambow BSC Inc.	February 14, 2017	United States	100 %	Investment Holding
Bay State College Inc. (Note i)	November 20, 2017	United States	100 %	CP&CE Programs
Ambow NSAD Inc.	May 8, 2019	United States	100 %	Investment Holding
NewSchool of Architecture and Design, LLC ("NewSchool")	March 6, 2020	United States	100 %	CP&CE Programs

(Note i) The Board of Trustees announced to permanently close Bay State College at the end of the 2022-2023 academic year, and this permanent close has been completed on August 31, 2023.

## 2. LIQUIDITY AND CAPITAL RESOURCES

The Group's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. As of December 31, 2023, the Group's consolidated current assets exceeded its consolidated current liabilities by \$2,724. The Group's consolidated net assets were \$6,428 as of December 31, 2023.

The Group's principal sources of liquidity have been cash provided by operating activities, bank borrowings, third-party loans, and ordinary share issuances. The Group had net cash used in operating activities from continuing operations of \$3,165, \$5,646 and \$290 for the years ended December 31, 2021, 2022 and 2023, respectively. As of December 31, 2023, the Group had \$4,834 in unrestricted cash and cash equivalents.

The Group's operating results for future periods are subject to numerous uncertainties and it is uncertain if the Group will be able to achieve a net income position for the foreseeable future. If management is not able to increase revenues and/or manage cost and operating expenses in line with revenue forecasts, the Group may not be able to achieve profitability.

The Group believes that available cash and cash equivalents, cash provided by operating activities, together with cash available, should enable the Group to meet presently anticipated cash needs for at least the next 12 months after the date that the financial statements are issued and the Group has prepared the consolidated financial statements on a going concern basis. However, the Group continues to have ongoing obligations and it expects that it will require additional capital in order to execute its longer-term business plan. If the Group encounters unforeseen circumstances that place constraints on its capital resources, management will be required to take various measures to conserve liquidity, which could include, but not necessarily be limited to, initiating additional public offerings, obtaining credit facilities, streamlining business units, controlling rental, overhead and other operating expenses and seeking to further dispose non-cash generating units. Management cannot provide any assurance that the Group will raise additional capital if needed.

### Risks and Uncertainties

On January 19, 2023, the New England Commission of Higher Education ("NECHE") informed Bay State College ("BSC") of its intention to withdraw BSC's accreditation as of August 31, 2023. Following the rejection of Ambow's appeal, the Board of Trustees announced to permanently close Bay State College at the end of the 2022-2023 academic year, and this permanent closer has been completed on August 31, 2023. The College provided academic, support and transitional services to students through August 31, 2023, and signed agreements with several area universities to provide program completion pathways to Bay State students, often with enhanced transfer and other opportunities.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### *a. Basis of presentation*

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and pursuant to the rules and regulation of the U.S. Securities and Exchange Commission (the “SEC”).

#### *b. Foreign currency translation*

The Company uses US\$ as its reporting currency. The functional currency of the Company and its subsidiaries incorporated in the Cayman Islands, United States, is US\$. In the consolidated financial statements, the financial information of the Company and its subsidiaries, which use US\$ or their respective local currency as their functional currency, have been translated into US\$. Assets and liabilities are translated at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, and revenues, expenses, gains, and losses are translated using the average exchange rate for the period. Translation adjustments arising from these are reported as foreign currency translation adjustments and are shown as a component of other comprehensive income or loss in the statement of comprehensive income.

Foreign currency transactions denominated in currencies other than functional currency are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are remeasured at the applicable rates of exchange in effect at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from remeasurement at year-end are recognized in foreign currency exchange gains/losses, net in the consolidated statement of comprehensive income.

Historically, the Company presented its financial results in Renminbi. Starting from January 1, 2023, the Company changed its reporting currency from Renminbi to U.S. dollars since a majority of its revenues and expenses are now denominated in U.S. dollars. The Company believes the alignment of the reporting currency with the underlying operations would better illustrate its results of operations for each period. The historical results of operations and financial statements included in this report are presented based on what were presented in the previous filed Form 20-F.

#### *c. Use of estimates*

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and the related disclosure of contingent assets and liabilities. On an on-going basis, the Group evaluates its estimates, including those related to the useful lives of long-lived assets including property and equipment, stock-based compensation, fair value of assets and liabilities acquired in business combinations, impairment of intangible assets and other long-lived assets, income taxes and provision for doubtful accounts. The Group bases its estimates of the carrying value of certain assets and liabilities on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, when these carrying values are not readily available from other sources. Actual results may differ from these estimates.

#### *d. Basis of consolidation*

All significant inter-company transactions and balances have been eliminated upon consolidation.

The consolidated financial statements include the financial statements of the Company, its subsidiaries.

#### *e. Reclassifications*

Certain prior year amounts were reclassified to conform with current year’s presentation.

#### *f. Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand, cash in bank with no restrictions, as well as highly liquid investments which are unrestricted as to withdrawal or use, and which have original maturities of three months or less when initially purchased.

**g. Restricted cash**

Restricted cash includes the deposits required by department of education for contract implementation and the deposits necessary to secure lines of credit from financial institutions.

**h. Accounts receivable, net**

Accounts receivable, net mainly represent the amounts due from the students of the Group's school in the US.

**i. Allowance for Credit Losses**

In accordance with Accounting Standards Codification ("ASC") Topic 326, Financial Instruments - Credit Losses, the Company estimates and records an expected lifetime credit loss on accounts receivable and long-term receivable included in other non-current assets by utilizing historical write-off rates as a starting point for determining expected credit losses and has considered all available relevant information, including details about past events, current conditions, and reasonable and supportable forecasts, as well as their impact on the expected credit losses. The allowance for expected credit losses is adjusted for current conditions and reasonable and supportable forecasts. The Company recognized a provision for expected credit losses on accounts receivable of \$1,106 and \$533 in 2022 and 2023, respectively, and on long-term receivable of \$769 in 2023.

**j. Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment if any. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings	20-40 years
Motor vehicles	5 years
Office and computer equipment	3-10 years
Leasehold improvements	Shorter of the remaining lease terms or estimated useful lives

**k. Intangible assets**

Intangible assets represent brand, software, trade name and accreditation. The software was initially recorded at historic acquisition costs or cost directly incurred to develop the software during the application development stage that can provide future benefits, and amortized on a straight-line basis over estimated useful lives.

Other finite lived intangible assets are initially recorded at fair value when acquired in a business combination, in which the finite intangible assets are amortized on a straight-line basis except student populations and customer relationships which are amortized using an accelerated method to reflect the expected departure rate over the remaining useful life of the asset. The Group reviews identifiable amortizable intangible assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Determination of recoverability is based on the lowest level of identifiable estimated undiscounted cash flows resulting from use of the asset and its eventual disposition. Measurement of any impairment loss is based on the excess of the carrying value of the asset over its fair value. The intangible assets have original estimated useful lives as follows (Refer to Note 8-Intangible Assets for further information):

Software	2 years to 10 years
Trade names	Indefinite
Brand	Indefinite
Others	1.3 years to 10 years

The Group has determined that trade names and brand have the continued ability to generate cash flows indefinitely. There are no legal, regulatory, contractual, economic or other factors limiting the useful life of the respective trade names and brand. Consequently, the carrying amounts of trade names and brand are not amortized but are tested for impairment as of September 30 every year or more frequently if events or circumstances indicate that the assets may be impaired. Such impairment test consists of a comparison of the fair values of the trade names and brand with their carrying amounts and an impairment loss is recognized if and when the carrying amounts of the trade names and brand exceed their fair values.

The Group performed impairment testing of indefinite-lived intangible assets in accordance with ASC 350, as of September 30 every year, which requires an entity to evaluate events and circumstances that may affect the significant inputs used to determine the fair value of the indefinite-lived intangible assets when performing qualitative assessment. When these events occur, the Group estimates the fair value of these trade names and brand with the Relief from Royalty method (“RFR”), which is one of the income approaches. RFR method is generally applied for assets that frequently licensed in exchange for royalty payments. As the owner of the asset is relieved from paying such royalties to a third party for using the asset, economic benefit is reflected by notional royalty savings. An impairment loss is recognized for any excess in the carrying value over the fair value of trade names and brands.

#### ***l. Segments***

The Group evaluates a reporting unit by first identifying its operating segments, and then evaluates each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meets the definition of a business, the Group evaluates those components to determine if they must be aggregated into one or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, the Group determines if the segments are economically similar and, if so, the operating segments are aggregated. The Group has one reportable segment, which is CP& CE Programs as of December 31, 2023.

#### ***m. Impairment of long-lived assets***

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, the Group measures impairment by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, the Group would recognize an impairment loss, which is the excess of carrying amount over the fair value of the assets, using the expected future discounted cash flows.

#### ***n. Revenue recognition***

The Group’s revenue is generated from delivering educational programs.

The core principle of ASC 606 is that an entity recognizes revenue when control of the promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To achieve that principle, the Group applies the following steps:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group has one reportable segment, which is CP& CE Programs. Bay State College and NewSchool in U.S. under CP&CE Programs offer career-focused post-secondary educational services to undergraduate students in U.S.

For undergraduate students, usually there are no written formal contracts between the Group and the students according to business practice. Records with students’ name, grade, tuition and fee collected are signed or confirmed by students. Academic requirements and each party’s rights are communicated with students through enrollment brochures or daily teaching and academic activities.

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For undergraduate students, the Group's performance obligation is to provide acknowledged academic education within academic years, and post-secondary with Associates and Bachelor's programs within agreed-upon periods. The transaction price is the tuition fee received and circumstances like other variable consideration, significant financing component, noncash consideration, consideration payable to a customer did not exist. As there is only one performance obligation, the transaction price is allocated to the one performance obligation. The Group satisfies performance obligation to students over time, and recognizes revenue according to school days consumed in each month of a semester.

### Contract Balances

The transferred control of promised service to customers results in the Group's unconditional rights and conditional consideration receivable on passage of time. The Group has no contract assets as of December 31, 2022 and 2023.

The contract liabilities consist of deferred revenue, which relates to unsatisfied performance obligations at the end of each reporting period and consists of tuition received in advance from students. As of December 31, 2022 and 2023, the Group's deferred revenue amount to \$754 and \$544, respectively.

#### *o. Cost of revenues*

Cost of revenues for educational programs and services primarily consist of teaching fees and performance-linked bonuses paid to the teachers, rental payments for the schools and learning centers, depreciation and amortization of property, equipment and land use rights used in the provision of educational services, costs of educational materials.

#### *p. Leases*

The Group accounts for its lease under ASC 842 Leases, and identifies lease as a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. For all operating leases except for short-term leases, the Group recognizes operating right-of-use assets and operating lease liabilities. Leases with an initial term of 12 months or less are short-term lease and not recognized as right-of-use assets and lease liabilities on the consolidated balance sheet. The Group recognizes lease expense for short-term leases on a straight-line basis over the lease term. For finance lease, the Group recognizes finance lease right-of-use assets. The operating lease liabilities are recognized based on the present value of the lease payments not yet paid, discounted using the Group's incremental borrowing rate over a similar term of the lease payments at lease commencement. Some of the Group's lease agreements contain renewal options; however, the Group do not recognize right-of-use assets or lease liabilities for renewal periods unless it is determined that the Group is reasonably certain of renewing the lease at inception or when a triggering event occurs. The right-of-use assets consist of the amount of the measurement of the lease liabilities and any prepaid lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

### Operating lease

When none of the criteria of finance lease are met, a lessee shall classify the lease as an operating lease.

### Finance lease

The Group classifies a lease as a finance lease when the lease meets any of the following criteria at lease commencement:

- a. The lease transfers ownership of the underlying asset to the lessee by the end of the lease term;
- b. The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise;
- c. The lease term is for the major part of the remaining economic life of the underlying asset;
- d. The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments in accordance with ASC 842 paragraph 842-10-30-5(f) equals or exceeds substantially all of the fair value of the underlying asset;

e. The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term;

**q. Advertising costs**

The Group expenses advertising costs as incurred. Total advertising expenses from continuing operations were \$1,035, \$27 and \$20 for the years ended December 31, 2021, 2022 and 2023, respectively, and have been included as part of selling and marketing expenses.

**r. Fair value of financial instruments**

Financial instruments include cash and cash equivalents, restricted cash, accounts receivable, prepayment and other current assets, accounts payable and short-term borrowings. The carrying values of the financial instruments approximate their fair values due to their short-term maturities.

**s. Net (loss) income per share**

Basic earnings per share is computed by dividing net income/(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing net income/(loss) attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the year. Ordinary share equivalents consist of the ordinary shares issuable upon the vest of restricted shares. Ordinary share equivalents are excluded from the computation of the diluted net income per share in years when their effect would be anti-dilutive. Ordinary share equivalents are also excluded from the calculation in loss periods, as their effects would be anti-dilutive.

**t. Income taxes**

Income taxes are provided for in accordance with the laws of the relevant taxing authorities. Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net of operating loss carry forwards and credits, by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

ASC 740-10-50-19 requires that an entity disclose its policy on classification of interest and penalties due to taxing authorities in the notes to the financial statements. In addition, ASC 740-10-50-15(c) requires that all entities disclose in the statement of operations and in the statement of financial position the total amounts of the interest and penalties related to tax positions recognized. As of December 31, 2023, the Company did not have any interest or penalty on tax deficiencies.

Deferred tax liabilities and assets are classified as noncurrent and presented with a netted off amount in the consolidated balance sheets as of December 31, 2022 and 2023, respectively.

**u. Uncertain tax positions**

The Group adopted the guidance on accounting for uncertainty in income taxes under ASC 740, which prescribes a more likely than not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on the de-recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating the Group's uncertain tax positions and determining its provision for income taxes. The Group establishes reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. These reserves are established when the Group believes that certain positions might be challenged despite its belief that its tax return positions are in accordance with applicable tax laws. The Group adjusts these reserves in light of changing facts and circumstances, such as the closing of a tax audit, new tax legislation, or the change of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made. The provision for income taxes includes the effect of reserve provisions and changes to reserves that are considered appropriate, as well as the related net interest and penalties where applicable.

The Company evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of December 31, 2023, the Company did not have any unrecognized uncertain tax positions and the Company does not believe that its unrecognized tax benefits will change over the next twelve months. For the years ended December 31, 2023, the Company did not incur any interest and penalties related to potential underpaid income tax expenses. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred.

**v. Comprehensive income**

U.S. GAAP generally requires that recognized revenue, expenses, gains and losses be included in net income or loss. Although certain changes in assets and liabilities are reported as separate components of the equity section of the consolidated balance sheet, such items, along with net income, are components of comprehensive income or loss. The components of other comprehensive income or loss consist of unrealized gain or loss on short term investments and foreign currency translation adjustments.

**w. Share-based compensation**

The Group grants restricted stock to its employees and directors. The Group measures the cost of employee services received at the grant-date using the fair value of the equity instrument issued net of an estimated forfeiture rate, and therefore only recognizes compensation costs for those shares expected to vest over the service period of the award. The Group records stock-based compensation expense on a straight-line basis over the requisite service period, generally ranging from one year to four years.

Forfeitures are estimated at the time of grant and revised in the subsequent periods if actual forfeitures differ from those estimates.

**x. Loss contingencies**

An estimated loss contingency is accrued and charged to the consolidated statements of operations and other comprehensive income (loss) if both of the following conditions are met: (1) Information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements. It is implicit in this condition that it must be probable that one or more future events will occur confirming the fact of the loss; (2) the amount of loss can be reasonably estimated.

The Group reviews its contingent issues on a timely basis to identify whether the above conditions are met.

*y. Recently issued accounting standards*

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which aims to improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis to enable investors to develop more decision-useful financial analyses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact from the adoption of this ASU on its consolidated financial statements.

Recently issued ASUs by the FASB, except for the one mentioned above, have no material impact on the Group's consolidated results of operations or financial position.

#### 4. CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	Years ended December 31,	
	2022	2023
Cash and cash equivalents	\$ 3,308	\$ 4,834
Restricted cash (Note i)	4,362	5,221
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	<u>\$ 7,670</u>	<u>\$ 10,055</u>

(Note i) Restricted cash required by department of education and the deposits necessary to secure lines of credit from financial institutions.

#### 5. ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following:

	As of December 31,	
	2022	2023
Accounts receivable	\$ 3,089	\$ 2,813
Less: Allowance for credit losses	(1,106)	(533)
Accounts receivable, net	<u>\$ 1,983</u>	<u>\$ 2,280</u>

Allowance for credit losses:

	As of December 31,	
	2022	2023
Balance at beginning of year	\$ (1,086)	\$ (1,106)
Addition	(235)	(389)
Written off	215	193
Reclassification allowance to the other non-current assets (Note i)	—	769
Balance at end of year	<u>\$ (1,106)</u>	<u>\$ (533)</u>

(Note i) The balance reflects the reclassification of BSC's provision to non-current assets. Refer to the Note 9-Other non-current assets, net

#### 6. PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets consisted of the following:

	As of December 31,	
	2022	2023
Receivables for disposal of Ambow China (Note i)	\$ 6,058	\$ —
Prepayments to suppliers	104	127
Prepaid for HybriU development	—	29
Loans to third parties	6	6
Others (Note ii)	3	16
Total	<u>\$ 6,171</u>	<u>\$ 178</u>

(Note i) The remaining balance from the disposal of Ambow China has been received as of December 31, 2023.

(Note ii) Others mainly included prepaid education supplies, prepaid outsourcing service fee, and other miscellaneous items.

## 7. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	As of December 31,	
	2022	2023
Motor vehicles	\$ 2	\$ 2
Office and computer equipment	829	199
Leasehold improvements	31	24
Sub-total	862	225
Less: accumulated depreciation	(586)	(219)
Total	<u>\$ 276</u>	<u>\$ 6</u>

For the years ended December 31, 2021, 2022 and 2023, depreciation expenses from continuing operations were \$231 and \$206, \$3, respectively, which were recorded in cost of revenues, selling and marketing expenses, general and administrative expenses and research and development expenses.

The Group performed impairment test on the property and equipment, and there is no impairment loss from continuing operations for the years ended December 31, 2021, 2022 and 2023, respectively.

## 8. INTANGIBLE ASSETS, NET

Intangible assets consisted of the following:

	As of December 31,	
	2022	2023
Gross carrying amount		
Trade names	\$ 460	\$ 460
Software	276	276
Accreditation	100	100
	<u>836</u>	<u>836</u>
Less: accumulated amortization		
Trade names	—	—
Software	(276)	(276)
Accreditation	(23)	(38)
	<u>(299)</u>	<u>(314)</u>
Intangible assets, net		
Trade names	460	460
Software	—	—
Accreditation	77	62
	<u>\$ 537</u>	<u>\$ 522</u>

For the years ended December 31, 2021, 2022 and 2023, the Group performed impairment test on the trade name and brand and recognized impairment loss from continuing operations of nil, \$657 and nil on brand, respectively.

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Amortization expenses for intangible assets from continuing operations amounted to \$123, \$5 and \$15 for the years ended December 31, 2021, 2022 and 2023, respectively. Based on the current amount of intangible assets subject to amortization, the estimated amortization expenses for each of the future annual periods are as follows:

	<u>Amount</u>
2024	\$ 10
2025	10
2026	10
2027	10
2028	10
Thereafter	12
<b>Total</b>	<u>\$ 62</u>

**9. OTHER NON-CURRENT ASSETS, NET**

Other non-current assets consisted of the following:

	<u>As of December 31,</u>	
	<u>2022</u>	<u>2023</u>
Long-term restricted cash (Note i)	\$ 1,731	\$ 1,714
Long-term receivable (Note ii)	—	1,467
Long-term lease deposits	195	194
Others	44	23
<b>Sub-total</b>	<u>\$ 1,970</u>	<u>\$ 3,398</u>
Less: allowance for credit losses (Note ii)	—	(769)
<b>Total</b>	<u>\$ 1,970</u>	<u>\$ 2,629</u>

(Note i) It includes cash in collateral bank accounts for the issuance of letters of credit in U.S.

(Note ii) Long-term receivable related to BSC and expected to be collected more than twelve months.

**10. SHORT-TERM BORROWINGS**

The following table sets forth the loan agreement of short-term borrowing from bank:

<u>Date</u>	<u>Borrower</u>	<u>Lender</u>	<u>Amount (\$)</u>	<u>Annual Interest Rate</u>	<u>Repayment Due Date</u>
January 6, 2023	Ambow Education Inc.	EAST WEST BANK	2,439	2.50 %	January 6, 2024
October 11, 2022	Ambow Education Inc.	Cathy Bank	1,500	6.29 %	October 11, 2024

In October 2022 and January 2023, the Group pledged its restricted cash amount of \$3,939 to obtain a line of credit in \$3,939 from Cathy Bank and EAST WEST BANK, respectively. Refer to the Note 4-Cash, Cash Equivalents and Restricted Cash.

On January 6, 2023, the Group received a loan from EAST WEST BANK in the amount of \$2,439 with a maturity date of January 6, 2024, and bearing interest at 2.50% per annum. The loan has been fully repaid at maturity on January 8, 2024. On October 11, 2022, the Group received a loan from Cathy Bank in the amount of \$1,500 with a maturity date on October 11, 2023. On November 6, 2023, the Group renewed the loan from Cathy Bank with a maturity date on October 11, 2024 and bearing interest at 6.29% per annum. The pledge shall be terminated once all borrowings were repaid and pledge cancellation registration procedures were completed.

## 11. ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consisted of the following:

	As of December 31,	
	2022	2023
Accrued payroll and welfare	\$ 866	\$ 635
Payable for purchase of services (Note i)	391	—
Receipt in advance	10	—
Amounts due to students (Note ii)	837	268
Deferred revenue (Note iii)	754	544
Loan from a third party (Note iv)	707	—
Others	172	21
Total	<u>\$ 3,737</u>	<u>\$ 1,468</u>

(Note i) The balance represented accrued payable for purchase of services, no such item for current year.

(Note ii) The balance represented refund to students and HEERF Grant to student received on behalf of students.

(Note iii) The balance represented the tuition payment collected in advance.

(Note iv) Sundry Management, LLC offered an interest-free loan with a one-year term, which was repaid in full on January 27, 2023.

## 12. ORDINARY SHARES

The addition of ordinary shares during the year ended December 31, 2022 came from the vest of restricted shares and the grant of restricted shares to consultant and senior management.

The addition of ordinary shares during the year ended December 31, 2023 came from a registered direct offering in February 28, 2023.

On February 28, 2023, the Company completed the issuance of 2,500,000 ADSs (representing 5,000,000 Class A Ordinary Shares of the Company) at a purchase price of \$0.80 per ADS and an accompanying warrant to purchase of 1,000,000 ADSs (representing 2,000,000 Class A Ordinary Shares of the Company) at a purchase price of \$0.80 per ADS, in a private placement. The net proceeds from the private placement, after deducting the offering expenses, totaled \$1,849, of which \$1,449 was allocated to the ordinary shares and \$400 to the warrants, respectively. The Company classified the warrant in each of the aforementioned issuances on its consolidated balance sheets as equity, and valued the respective warrant issued in conjunction with private placements using the Black-Scholes model based on the following weighted average assumptions:

Risk-free interest rate	4.51 %
Expected volatility	120.13 %
Expected term	3 years
Expected dividend yield	—
Exercise price	\$ 0.40
Market value of common stock	\$ 0.31

## 13. SHARE BASED COMPENSATION

### Amended and Restated 2010 Equity Incentive Plan

On June 1, 2010, the Group adopted the 2010 Equity Incentive Plan, or the “2010 Plan”, which became effective upon the completion of the IPO on August 5, 2010 and terminated automatically 10 years after its adoption. On December 21, 2018, the Group amended and restated the 2010 Plan, or the “Amended and Restated 2010 Plan”, which became effective upon the approval from the Board of Directors and shareholders. The plan will continue in effect for 10 years from the date adopted by the Board, unless terminated earlier under section 18 of the plan.

Share options

Management of the Group is responsible for determining the fair value of options granted and have considered a number of factors when making this determination, including valuations. The Group has not granted options during the years of 2021, 2022 and 2023. As of December 31, 2022 and 2023, all share options were vested and previously expensed.

Restricted stock awards

On November 22, 2018, the Board of Directors approved to grant 200,000 shares of the restricted stock to senior employees of the Group. Twenty-five percent of the awards vested on the one-year anniversary of the vesting commence date, and the remainder shall vest in equal and continuous monthly installments over the following thirty-six months thereafter, subject to participant's continuing service of the Group through each vesting date. In 2021, 2022 and 2023, 50,000, 45,833 and nil shares of restricted stock were vested respectively.

On May 27, 2022, the Board of Directors approved to grant 200,000 fully vested Class A ordinary shares of the restricted stock to a consultant as consideration for its service rendered.

On June 30, 2022, the Board of Directors approved to grant 5,200,000 fully vested Class A ordinary shares of the restricted stock to senior employees of the Group for their services rendered in the past years.

A summary of the restricted stock awards as of December 31, 2022 and 2023 is as follows:

	Shares	Grant-date fair value	Weighted Average Remaining Contractual Term
Unvested at January 1, 2022	65,768	2.83	0.62
Granted	5,400,000	—	—
Vested	5,445,833	0.02	—
Forfeited or expired	—	—	—
Unvested at end of year	—	—	—
Shares vested but not issued at December 31, 2022	19,935	3.13	—
Unvested at January 1, 2023	—	—	—
Granted	—	—	—
Vested	—	—	—
Forfeited or expired	—	—	—
Unvested at end of year	—	—	—
Shares vested but not issued at December 31, 2023	19,935	3.13	—

The Group recorded share-based compensation expenses from continuing operations of \$139, \$1,083 and nil in general and administrative expense for the restricted stock awards for the years ended December 31, 2021, 2022 and 2023, respectively, and the unrecognized share-based compensation expenses was nil as of December 31, 2022 and 2023.

**14. TAXATION****a. Income taxes****Cayman Islands**

Under the current laws of Cayman Islands, the Company and its subsidiaries incorporated in the Cayman Islands are not subject to tax on income or capital gains. In addition, upon payment of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

US

Significant components of the provision for income taxes on earnings for the years ended December 31, 2021, 2022 and 2023 from continuing operations are as follows:

	Years ended December 31,		
	2021	2022	2023
Current:	\$ 37	—	\$ 14
Deferred:	(542)	—	—
Income tax benefits (expense)	<u>\$ (505)</u>	<u>—</u>	<u>\$ 14</u>

The principal components of the Group's deferred tax assets and liabilities were as follows:

	As of December 31,	
	2022	2023
<b>Deferred tax asset:</b>		
Accrued expense	\$ 109	\$ 1
Allowance for doubtful accounts	309	346
Depreciation	85	84
Lease Liability	2,228	2,095
Tax loss carried forward	5,977	6,661
Research and development capitalization	—	91
Tax Credits	—	59
Total deferred tax assets	8,708	9,337
Valuation allowance	(6,579)	(7,794)
<b>Deferred tax assets, net of valuation allowance</b>	<u>\$ 2,129</u>	<u>\$ 1,543</u>
<b>Deferred tax liabilities:</b>		
- Unrealized gain on acquisition/disposal	196	173
- Right-of-use assets	1,933	1,370
<b>Total deferred tax liabilities</b>	<u>\$ 2,129</u>	<u>\$ 1,543</u>
<b>Deferred tax assets, net of valuation allowance and deferred tax liabilities</b>	<u>—</u>	<u>—</u>

The following represents the amounts and expiration dates of operating loss carried forwards for tax purpose:

	Amount
2024	—
2025	—
2026	—
2027	—
2028 and thereafter	\$ 41,777
Total	<u>\$ 41,777</u>

For entities incorporated in U.S., federal net loss generated before 2018 of \$122 can be carried forward for 20 years and will begin to expire in 2037. Federal net loss generated in 2018 and onward of \$23,736 can be carried forward indefinitely. State net loss of \$17,919 can be carried forward for 20 years and will begin to expire in 2037.

The Company is subject to income tax in the U.S. federal jurisdiction. The Company has not been audited by the U.S. Internal Revenue Service in connection with income taxes. The Company's tax years beginning with the year ended December 31, 2016, through December 31, 2022, generally remain open to examination by the Internal Revenue Service until its net operating loss carry-forwards are utilized and the applicable statutes of limitation have expired. The Group had no unrecognized tax benefits as of December 31, 2022 and 2023, respectively.

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The Group evaluated the recoverable amounts of deferred tax assets to the extent that future taxable profits will be available against which the net operating loss and temporary difference can be utilized. As of December 31, 2023, the deferred tax assets were offset with a full valuation allowance as the Company does not expect to realize its deferred taxes in the near future.

The following represents a roll-forward of the valuation allowance for each of the years:

	<u>As of December 31,</u>	
	<u>2022</u>	<u>2023</u>
Balance at beginning of the year	\$ 4,139	\$ 6,579
Allowance made during the year	2,440	1,215
Reversals	—	—
NOL expire	—	—
Balance at end of the year	<u>\$ 6,579</u>	<u>\$ 7,794</u>

Reconciliation between total income tax expense and the amount computed by applying the US statutory income tax rate to income before income taxes is as follows:

	<u>Years ended December 31,</u>		
	<u>2021</u>	<u>2022</u>	<u>2023</u>
	<u>%</u>	<u>%</u>	<u>%</u>
Weighted average statutory income tax rate	(21)%	(21)%	(21)%
States taxes, net of federal benefit	(2)%	(5)%	(7)%
Tax effect of non-deductible expenses	(7)%	(4)%	— %
Tax effect of tax-exempt entities	— %	4 %	2 %
Prior year true up	— %	— %	(5)%
Changes in valuation allowance	23 %	26 %	31 %
Effective tax rate	(7)%	— %	— %

Income /(loss) before income taxes from continuing operations is attributable to the following geographic locations for the years ended December 31:

	<u>Year ended December 31,</u>		
	<u>2021</u>	<u>2022</u>	<u>2023</u>
United States	\$ (6,737)	\$ (7,305)	\$ (2,843)
Foreign	(457)	(1,947)	(318)
Total loss before income taxes	<u>\$ (7,194)</u>	<u>\$ (9,252)</u>	<u>\$ (3,161)</u>

## 15. NET LOSS/INCOME PER SHARE

The following table sets forth the computation of basic and diluted net income (loss) per share for the periods indicated:

	Years ended December 31,		
	2021	2022	2023
<b>Numerator:</b>			
Numerator for basic and diluted loss per share from continuing operations	\$ (6,689)	\$ (9,252)	\$ (3,175)
Numerator for basic and diluted income (loss) per share from discontinued operations	7,002	(5,056)	—
<b>Denominator:</b>			
Denominator for basic (loss) income per share weighted average ordinary shares outstanding	46,654,853	49,458,266	56,333,003
Denominator for diluted (loss) income per share weighted average ordinary shares outstanding	46,654,853	49,458,266	56,333,003
<b>Basic and Diluted loss per share from continuing operations</b>	<b>\$ (0.14)</b>	<b>\$ (0.19)</b>	<b>\$ (0.06)</b>
<b>Basic and Diluted income (loss) per share from discontinued operations</b>	<b>\$ 0.15</b>	<b>\$ (0.10)</b>	<b>—</b>
<b>Basic and Diluted loss per ADS from continuing operations (Note i)</b>	<b>\$ (2.80)</b>	<b>\$ (3.80)</b>	<b>\$ (1.20)</b>
<b>Basic and Diluted income (loss) per ADS from discontinued operations</b>	<b>\$ 3.00</b>	<b>\$ (2.00)</b>	<b>—</b>

(Note i) In February, 2024, the Company changed the ratio of its American depositary shares (“ADSs”) to its Class A ordinary shares from one (1) ADS, representing two (2) Class A ordinary shares, to one (1) ADS representing twenty (20) Class A ordinary shares.

Basic (loss) income per ADS is computed using the weighted average number of the ordinary shares outstanding during the year. Diluted income (loss) per ADS is computed using the weighted average number of ordinary shares and ordinary equivalent shares outstanding during the year. Nil share was included in the calculation of diluted income per share for the year of 2021, 2022 and 2023.

## 16. LEASES

The Group has operating leases for classrooms, dormitories, and corporate offices.

The components of lease expense from continuing operations were as follows:

	Years ended December 31,	
	2022	2023
Operating lease expense	\$ 4,314	\$ 2,348

Supplemental cash flow information related to leases from continuing operations was as follows:

	Years ended December 31,	
	2022	2023
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>		
Operating cash flows from operating leases	\$ 2,363	\$ 1,451

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Supplemental balance sheet information related to leases was as follows:

	Years ended December 31,	
	2022	2023
Weighted-average Remaining Lease Term		
Operating leases	3.16 Years	2.20 Years
Weighted-average Discount Rate	—	—
Operating leases	4.25 %	4.25 %

The Group's lease agreements do not have a discount rate that is readily determinable. The incremental borrowing rate is determined at lease commencement or lease modification and represents the rate of interest the Group would have to pay to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment. The weighted-average discount rate was calculated using the discount rate for the lease that was used to calculate the lease liability balance for each lease and the remaining balance of the lease payments for each lease as of December 31, 2023.

The Group performed impairment test on the operating lease right-of-use assets and recognized impairment loss from continuing operations in nil for the year ended December 31, 2021, 2022 and 2023.

The weighted-average remaining lease terms were calculated using the remaining lease term and the lease liability balance for each lease as of December 31, 2023.

As of December 31, 2023, maturities of lease liabilities were as follows:

	<u>Amount</u>
2024	\$ 4,176
2025	2,415
2026	465
2027	31
2028	8
Thereafter	—
Total lease payments	<u>7,095</u>
Less: interest	<u>(260)</u>
Total	6,835
Less: current portion	<u>(2,486)</u>
Non-current portion	<u>\$ 4,349</u>

As of December 31, 2023, the Group had no material operating or finance leases that had not yet commenced.

## 17. CONTINGENCIES

As of December 31, 2023, there are no claims, lawsuits, investigations and proceedings, including un-asserted claims that are probable to be assessed, that have in the recent past had, or to the Group's knowledge, are reasonably possible to have, a material change on the Group's financial position results of operations or cash flow.

From time to time, the Group is involved in various other legal and regulatory proceedings arising in the normal course of business. While the Group cannot predict the occurrence or outcome of these proceedings with certainty, it does not believe that an adverse result in any pending legal or regulatory proceeding, individually or in the aggregate, would be material to the Group's consolidated financial condition or cash flows; however, an unfavorable outcome could have a material adverse effect on the Group's results of operations.

## 18. GAIN ON DISPOSAL OF ASSESTS

In December 2023, the Group recognized a gain on the disposal of assets from the BSC curriculum in \$1,400. The assets have been transferred to the buyer, and the payment has been received as of December 31, 2023.

## 19. FAIR VALUE MEASUREMENTS

The Group adopted ASC Topic 820, “Fair Value Measurements and Disclosures”, which defines fair value, establishes a framework for measuring fair value and expands financial statement disclosure requirements for fair value measurements.

ASC Topic 820 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability (an exit price) on the measurement date in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. ASC Topic 820 specifies a hierarchy of valuation techniques, which is based on whether the inputs into the valuation technique are observable or unobservable. The hierarchy is as follows:

Level 1-Valuation techniques in which all significant inputs are unadjusted quoted prices from active markets for assets or liabilities that are identical to the assets or liabilities being measured.

Level 2-Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices for assets or liabilities that are identical or similar to the assets or liabilities being measured from markets that are not active. Also, model-derived valuations in which all significant inputs and significant value drivers are observable in active markets are Level 2 valuation techniques.

Level 3-Valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are valuation technique inputs that reflect the Group’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Management of the Group is responsible for determining the fair value of equity issued, assets acquired, liabilities assumed and intangibles identified as of the acquisition date and considered a number of factors including valuations from independent appraiser.

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group measures fair value using valuation techniques that use, when possible, current market-based or independently-sourced market parameters, such as interest rates and currency rates. The following is a description of the valuation techniques that the Group uses to measure the fair value of assets and liabilities that are measured and reported at fair value on a recurring basis

The following table presents the quantitative information about the Group’s Level 3 fair value measurements of intangible assets for to the impairment test in 2022 and 2023, which utilize significant unobservable internally-developed inputs:

	Fair value	Valuation techniques	Unobservable inputs	Range of discount rates
Intangible assets in 2022	\$ 1,060	Relief-from-royalty method	Royalty rate	1%-6 %
			Discount rate	13%-15 %
			Terminal growth rate	3 %
Intangible assets in 2023	\$ 537	Relief-from-royalty method	Royalty rate	1%-6 %
			Discount rate	13%-14 %
			Terminal growth rate	3 %

## 20. CONCENTRATIONS

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, other receivable and other non-current assets. The Group places its cash and cash equivalents and term deposits with financial institutions with high-credit ratings in the U.S. and PRC. The Group conducts credit evaluations of its customers and suppliers, and generally does not require collateral or other security from them. The Group evaluates its collection experience and long outstanding balances to determine the need for an allowance for doubtful accounts.

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The Group evaluates its concentrations of the continuing operations are as follows:

No single customer represented 10% or more of the Group's total revenues for the years ended December 31, 2021, 2022 and 2023.

No single supplier represented 10% or more of the Group's total costs of sales for the years ended December 31, 2021, 2022 and 2023.

No single debtor accounted for 10% or more of the Group's consolidated accounts receivable and other non-current assets as of December 31, 2022 and 2023.

The debtors who accounted for 10% or more of the Group's consolidated prepaid and other current assets as follows:

Debtors	As of December 31,			
	2022		2023	
		%		%
<b>Prepaid and other current assets</b>				
Purchaser	\$ 6,058	98 %	—	%

## 21. SUBSEQUENT EVENTS

The Group has evaluated subsequent events to the balance sheet date of December 31, 2023 through April 25, 2024, the date of issuance of the consolidated financial statements, there were no other subsequent events occurred that would require recognition or disclosure in the Group's consolidated financial statements except for the below.

Bay State College engaged in a purchase and sale agreement (the "Purchase Agreement") with PRP Consulting Group P.C. (the "Purchaser"), a third party. Under the terms of the Purchase Agreement, Bay State College agreed to transfer all Account Receivable Portfolio to the Purchaser in exchange for a cash payment of \$700. The transaction was finalized on January 4, 2024.

The Company's ADSs (each representing twenty Class A Ordinary Shares) currently trade in the NYSE American under the symbol "AMBO." Prior to February 20, 2024, one ADS represented two Class A ordinary share. On February 20, 2024, the Company effected a change of the ADS to Class A ordinary share ratio from one ADS representing two Class A ordinary shares to one ADS representing twenty Class A ordinary shares. The ratio change has the same effect as a 1-for-10 ADS reverse split.

On March 6, 2024, the company appointed Mr. Norm Allgood as fractional Head of HybriU to lead the dissemination and implementation of HybriU, Ambow's AI-driven hybrid learning solution for education and workforce training.

**DESCRIPTION OF RIGHTS OF EACH CLASS OF SECURITIES**  
**registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”)**

As of December 31, 2023, Ambow Education Holding Ltd. (or “AMBO”, “we”, “us”, “our company” and “our”) had the following series of securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
American depositary shares (one American depositary share representing twenty Class A Ordinary Shares, par value \$0.003 per share) **	AMBO	NYSE American LLC
Class A Ordinary Shares, par value \$0.003 per share*		NYSE American LLC

\*Not for trading, but only in connection with the listing on the NYSE American

\*\*Effective on February 20, 2024, the ratio of ADSs to our Class A Ordinary Shares was changed from one ADS representing two Class A Ordinary Shares to one ADS representing twenty Class A Ordinary Shares.

This exhibit contains a description of the rights of (i) holders of share(s) and (ii) holders of ADS(s). Shares underlying the ADSs are held by Citibank, N.A., as depositary, and holders of ADSs will not be treated as holders of the shares.

### General

Our authorized share capital is \$230,000 divided into 66,666,667 Class A ordinary shares with a par value of \$0.003 per Class A ordinary share, 8,333,333 Class C ordinary shares with a par value of \$0.003 per Class C ordinary share, and 1,666,667 undesignated preferred shares with a par value of \$0.003 per preferred share. The respective number of Class A ordinary shares and Class C ordinary shares issued and outstanding as of the last day of our company’s respective fiscal year is provided on the cover of the annual report on Form 20-F (the “Form 20-F”) of our company.

In connection with the proposal to adopt the Sixth Amended and Restated Memorandum and Articles of Association, in our Form 6-K filed on June 4, 2015, we sought approval to, among other things, create a new class of ordinary shares entitled Class C ordinary shares (“Class C Shares”), which were in addition to the Class A ordinary shares which had already been designated. The Class C Shares would be entitled to ten (10) votes on all matters subject to vote at our general meetings. On November 8, 2015, 4,708,415 of the Class A Ordinary shares held by Dr. Jin Huang were exchanged for 4,708,415 Class C Shares. This exchange was approved by all disinterested members of the Board of Directors. The Class C shares were created with the intention to issue such shares to our management. The main effect of the dual-class voting structure is to vest our management team, especially Dr. Jin Huang, with significant control over Ambow’s decisions, allowing management the freedom to focus on the long term by ensuring that it retained control over Ambow. The structure would also prevent outside parties from taking over or unduly influencing management decisions. As such, investors would fully share in our long term economic future, but would have less ability to influence strategic decisions through their voting rights.

The following are summaries of material provisions of our Sixth Amended and Restated Memorandum and Articles of Association and the Companies Law insofar as they relate to the material terms of our share capital.

### Sixth Amended and Restated Memorandum and Articles of Association

Subject to other provisions in the Articles, including certain protective provisions set forth in Schedule A thereto, the shareholders may by ordinary resolution increase, or by special resolution decrease, our authorized share

capital and may also by special resolution amend our Sixth Amended and Restated Memorandum and Articles of Association.

## **Ordinary shares**

### *General*

All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. The ordinary shares are not entitled to any preemptive conversion, subscription or redemption rights. Our shareholders may freely hold and vote their shares.

### *Voting rights*

Each Class A ordinary share is entitled to one vote and each Class C ordinary share is entitled to ten votes on all matters upon which the ordinary shares are entitled to vote, including the election of directors. Voting at any meeting of shareholders is by a poll. Subject to the Schedule A attached to the Sixth Amended and Restated Memorandum and Articles, other than an action that requires a special resolution, shareholders may approve corporate matters without a meeting being held by way of written resolution signed by or on behalf of shareholders holding more than 85% of all of our issued and outstanding shares on an as-converted basis. If any resolution of shareholders is adopted otherwise than by the unanimous written consent of all shareholders, a copy of such resolution shall forthwith be sent to all shareholders or holders of shares in the relevant class not consenting to such resolution. The consent may be in the form of counterparts, each counterpart being signed by one or more shareholders or persons.

A quorum required for a meeting of shareholders consists of at least a number of shareholders present in person or by proxy and entitled to vote representing the holders of not less than one-third of all of our issued voting share capital. Shareholders' meetings are held annually and may otherwise be convened by the board of directors or its chairperson on its or his/her own initiative. Advance notice of at least ten calendar days (but not more than sixty calendar days) is required for the convening of any meeting of shareholders.

Any ordinary resolution to be made by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in person or by proxy at a meeting of our shareholders. A special resolution requires the affirmative vote of not less than two-thirds of the votes cast in person, by a duly authorized representative in the case of a shareholder who is a corporation, or by proxy at a meeting of our shareholders or a unanimous written resolution of all our shareholders. A special resolution is required for matters such as removing an independent director for cause, changing our name, amending our Sixth Amended and Restated Memorandum and Articles of Association and reducing our authorized share capital.

### *Conversion rights attaching to shares*

Each Class C ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible under any circumstances. If at any time Jin Huang, our Chairman and Chief Executive Officer, and her affiliates collectively own less than 5% of the total number of the issued and outstanding Class C ordinary shares, each issued and outstanding Class C ordinary share shall be automatically and immediately converted into one share of Class A ordinary shares without payment of additional consideration and no Class C ordinary shares shall thereafter be issuable by us.

### *Difference between Class A and Class C ordinary shares*

The difference between the Class A ordinary shares and Class C ordinary shares are the special voting rights attached to the Class C ordinary shares as disclosed above.

### *Dividends*

The holders of our ordinary shares are entitled to receive such dividends as may be declared by our board of directors subject to our Sixth Amended and Restated Memorandum and Articles of Association and the Companies

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Law. Dividends may be paid only out of profits, which include net earnings and retained earnings undistributed in prior years, and out of share premium, a concept analogous to paid-in surplus in the United States. No dividend may be declared and paid unless our directors determine that immediately after the payment, we will be able to satisfy our liabilities as they become due in the ordinary course of business and we have funds lawfully available for such purpose. Any such dividends will be paid to Citibank, N.A., as the custodian of the ADSs being issued in this offering, and shall be subject to further distribution to you as a shareholder by the custodian. See “Description of American Depositary Shares – Dividends and Distributions”.

#### *Liquidation*

If we were to be liquidated and the assets available for distribution among the shareholders are insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the par value of the ordinary shares held by them. If in a winding up the assets available for distribution among the shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the liquidation, the surplus shall be distributed among the shareholders in proportion to the par value of the ordinary shares held by them at the commencement of the liquidation, subject to a deduction from those ordinary shares in respect of which there are monies due, of all monies payable to us, without prejudice to the rights of the holders of ordinary shares issued upon special terms and conditions.

If we were to be liquidated the liquidator may, with the approval by an ordinary resolution of the shareholders, divide among the shareholders in species or in kind the whole or any part of our assets (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he/she deems fair upon any property to be divided and may determine how such division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the approval by an ordinary resolution of the shareholders, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the approval by an ordinary resolution of the shareholders shall think fit, but so that no shareholder shall be compelled to accept any shares or other securities whereon there is any liability.

#### *Miscellaneous*

Share certificates registered in the names of two or more persons are deliverable to any one of them named in the share register and, if two or more such persons tender a vote, the vote of the person whose name first appears in the share register will be accepted to the exclusion of any other.

#### *Transfer of shares*

Subject to the restrictions of Sixth Amended and Restated Memorandum and Articles of Association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board.

Our board of directors may, in its sole discretion, (except with respect to a transfer from an ordinary shareholder to its Affiliate(s)), decline to register any transfer of any ordinary shares which is not fully paid up or on which we have a lien. Our directors may also decline to register any transfer of any ordinary share unless (a) the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer; (b) the instrument of transfer is in respect of only one class of ordinary shares; (c) the instrument of transfer is duly and properly signed; (d) in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; or (e) a fee of such maximum sum as our board of directors may from time to time require, is paid to us in respect thereof.

If our board of directors refuses to register a transfer, it shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers may be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine; provided, however that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year.

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### *Variation of rights of shares*

Subject to Schedule A of the Sixth Amended and Restated Memorandum and Articles and except as otherwise provided therein, all or any of the special rights attached to any class of our shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time be varied with the consent in writing of the holders of at least two-thirds of the issued shares of that class, or a resolution by holders of two-thirds of the shares of that class present in person or by proxy at a separate meeting of the holders of the shares of that class.

### *Inspection of books and records*

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See “Where you can find more information.”

### **Preferred shares**

Pursuant to our Sixth Amended and Restated Memorandum and Articles of Association, our board of directors has the authority, without further action by the shareholders, to issue up to 1,666,667 preferred shares in one or more series and determine the designations, powers, preferences, privileges and other rights, including dividend rights, conversion rights, redemption rights and liquidation preferences, any or all of which may be greater than the rights of the ordinary shares. Subject to the directors’ duty of acting for a proper purpose, preferred shares can be issued quickly with terms calculated to delay or prevent a change of control of our company or make removal of management more difficult. Additionally, the issuance of preferred shares may have the effect of decreasing the market price of our ordinary shares and may adversely affect the voting and other rights of the holders of ordinary shares. No such preferred shares have been issued, and we have no present plans to issue any such preferred shares.

### **Differences in corporate law**

Cayman Islands corporate law is modeled on English corporate law, but does not follow recent English law statutory enactments, and accordingly there are significant differences between the Companies Law and the current Companies Act of England. Cayman Islands corporate law differs from laws relating to U.S. corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to our company and the laws applicable to Delaware corporations and their shareholders.

### ***Mergers and similar arrangements***

In certain circumstances the Cayman Islands Companies Law allows for mergers or consolidations between two Cayman Islands companies, or between a Cayman Islands exempted company and a company incorporated in another jurisdiction (provided that is facilitated by the laws of that other jurisdiction).

Where the merger or consolidation is between two Cayman Islands companies, the directors of each company must approve a written plan of merger or consolidation containing certain prescribed information. That plan or merger or consolidation must then be authorized by either (a) a special resolution of the shareholders of each company or (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. A shareholder has the right to vote on a merger or consolidation regardless of whether the shares that he holds otherwise give him voting rights. No shareholder resolution is required for a merger between a parent company (i.e., a company that owns at least 90% of the issued shares of each class in a subsidiary company) and its subsidiary company. The consent of each holder of a fixed or floating security interest of a constituent company must be obtained, unless the court waives such requirement. If the Cayman Islands Registrar of Companies is satisfied that the requirements of the Companies Law (which includes certain other formalities) have been complied with, the Registrar of Companies will register the plan of merger or consolidation.

Where the merger or consolidation involves a foreign constituent company, and where the surviving company is a Cayman Islands exempted company, the procedure is similar, save that with respect to the foreign constituent

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company, the director of the surviving or consolidated company is required to make a declaration to the effect that, having made due inquiry, he is of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted; (v) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (vi) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (vii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (viii) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

Where the above procedures are adopted, the Companies Law provides for a right of dissenting shareholders to be paid a payment of the fair value of his shares upon their dissenting to the merger or consolidation if they follow a prescribed procedure. In essence, that procedure is as follows (a) the shareholder must give his written objection to the merger or consolidation to the constituent company before the vote on the merger or consolidation, including a statement that the shareholder proposes to demand payment for his shares if the merger or consolidation is authorized by the vote; (b) within 20 days following the date on which the merger or consolidation is approved by the shareholders, the constituent company must give written notice to each shareholder who made a written objection; (c) a shareholder must within 20 days following receipt of such notice from the constituent company, give the constituent company a written notice of his intention to dissent including, among other details, a demand for payment of the fair value of his shares; (d) within seven days following the date of the expiration of the period set out in paragraph (b) above or seven days following the date on which the plan of merger or consolidation is filed, whichever is later, the constituent company, the surviving company or the consolidated company must make a written offer to each dissenting shareholder to purchase his shares at a price that the company determines is the fair value and if the company and the shareholder agree on the price within 30 days following the date on which the offer was made, the company must pay the shareholder such amount; (e) if the company and the shareholder fail to agree on a price within such 30 day period, within 20 days following the date on which such 30 day period expires, the company (and any dissenting shareholder) must file a petition with the Cayman Islands Grand Court to determine the fair value and such petition must be accompanied by a list of the names and addresses of the dissenting shareholders with whom agreements as to the fair value of their shares have not been reached by the company. At the hearing of that petition, the court has the power to determine the fair value of the shares together with a fair rate of interest, if any, to be paid by the company upon the amount determined to be the fair value. Any dissenting shareholder whose name appears on the list filed by the company may participate fully in all proceedings until the determination of fair value is reached. These rights of a dissenting shareholder are not to be available in certain circumstances, for example, to dissenters holding shares of any class in respect of which an open market exists on a recognized stock exchange or recognized interdealer quotation system at the relevant date or where the consideration for such shares to be contributed are shares of any company listed on a national securities exchange or shares of the surviving or consolidated company.

Moreover, Cayman Islands law also has separate statutory provisions that facilitate the reconstruction or amalgamation of companies in certain circumstances, schemes of arrangement will generally be more suited for complex mergers or other transactions involving widely held companies, commonly referred to in the Cayman Islands as a "scheme of arrangement" which may be tantamount to a merger. In the event that a merger was sought pursuant to a scheme of arrangement (the procedures of which are more rigorous and take longer to complete than the procedures typically required to consummate a merger in the United States), the arrangement in question must be approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meeting summoned for that

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purpose. The convening of the meetings and subsequently the terms of the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder would have the right to express to the court the view that the transaction should not be approved, the court can be expected to approve the arrangement if it satisfies itself that:

- We are not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with;
- The shareholders have been fairly represented at the meeting in question;
- The arrangement is such as a businessman would reasonably approve; and
- The arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law or that would amount to a “fraud on the minority.”

If a scheme of arrangement or takeover offer (as described below) is approved, any dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

*Squeeze-out provisions.* When a takeover offer is made and accepted by holders of 90% of the shares to whom the offer is made within four months, the offer may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith, collusion or inequitable treatment of the shareholders.

Further, transactions similar to a merger, reconstruction and/or an amalgamation may in some circumstances be achieved through other means to these statutory provisions, such as a share capital exchange, asset acquisition or control, through contractual arrangements, of an operating business.

### ***Shareholders’ lawsuits***

We are not aware of any reported class action having been brought in a Cayman Islands court. Derivative actions have been brought in the Cayman Islands courts, and the Cayman Islands courts have confirmed their availability (although, the reported cases were unsuccessful for technical reasons). In principle, we will normally be the proper plaintiff and a claim against (for example) our officers or directors usually may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority and be applied by a court in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- A company is acting or proposing to act illegally or beyond the scope of its authority;
- The act complained of, although not beyond the scope of the authority, could be effected if duly authorized by more than the number of votes which have actually been obtained; or
- Those who control the company are perpetrating a “fraud on the minority.”

A shareholder may have a direct right of action against us where the individual rights of that shareholder have been infringed or are about to be infringed.

*Indemnification.* The Companies Law of the Cayman Islands does not limit the extent to which a company’s memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Sixth Amended and Restated Memorandum and Articles of Association provides for indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such, except through their own actual fraud or willful default.

### ***Directors’ fiduciary duties***

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty is generally viewed to have two main components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a

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director act in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands exempted company is in the position of a fiduciary with respect to the company, and therefore it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party. A director of a Cayman Islands exempted company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards a dual objective/subjective standard with regard to the required skill and care to the effect that a director must exercise the skill and care of a reasonably intelligent person having both (a) the general knowledge, skill and experience that may be expected of a person carrying out the same actions as are carried out by that director in relation to the company and (b) the general knowledge, skill and experience that particular director has. These authorities are likely to be followed in the Cayman Islands.

#### ***Shareholder action by written resolution***

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our Sixth Amended and Restated Memorandum and Articles of Association provide that subject to the Schedule A attached to the Sixth Amended and Restated Memorandum and Articles, other than an action that requires a special resolution, shareholders may approve corporate matters without a meeting being held by way of written resolution signed by or on behalf of shareholders holding more than 85% of all of our issued and outstanding shares on an as-converted basis. If any resolution of shareholders is adopted otherwise than by the unanimous written consent of all shareholders, a copy of such resolution shall forthwith be sent to all shareholders or holders of shares in the relevant class no consenting to such resolution. The consent may be in the form of counterparts, each counterpart being signed by one or more shareholders or persons.

#### ***Shareholder proposals***

Under the Delaware General Corporation Law, a shareholder has the right to put a proposal before the annual meeting of shareholders, provided it complies with the DGCL and the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings. Cayman Islands' law and our Sixth Amended and Restated Memorandum and Articles of Association allow our shareholders to make proposals for consideration and determination by all shareholders at annual shareholder meetings, subject to compliance with the specified notice provisions, and our Sixth Amended and Restated Memorandum and Articles of Association provides that, subject to certain procedure prescribed therein being satisfied, the shareholders holding not less than ten percent (10%) of the paid up capital of the company (the "**Requisitionists**"), or any of the Requisitionists representing not less than a majority of the aggregate voting rights of all of them, may themselves convene a general meeting. The general meeting convened by the Requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the directors.

#### ***Cumulative voting***

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder

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to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our Sixth Amended and Restated Memorandum and Articles of Association specifically do not allow cumulative voting. As a result, our shareholders are not afforded any less favorable protections or rights on this issue than shareholders of a Delaware corporation.

### ***Removal of directors***

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Sixth Amended and Restated Memorandum and Articles of Association, an independent director may be removed for negligence or other reasonable cause at any time before the expiration of his or her term by a special resolution passed at a duly convened shareholders meeting by the holders of at least two-thirds of our outstanding shares being entitled to vote in person or by proxy at such a meeting or by a unanimous written consent of our shareholders. A director, other than an independent director, may be removed from office by ordinary resolutions passed at a duly convened shareholders meeting by a simple majority or by a unanimous written consent of our shareholders at any time before the expiration of his term notwithstanding anything in the Sixth Amended and Restated Memorandum and Articles or in any agreement between the company and such director (but without prejudice to any claim for damages under such agreement).

### ***Transactions with interested shareholders***

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date on which such person becomes an interested shareholder. An interested shareholder generally is one which owns or owned 15% or more of the target's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction that resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions entered into must be bona fide in the best interests of the company and not with the effect of perpetrating a fraud on the minority shareholders.

### ***Dissolution; winding up***

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. The Delaware General Corporation Law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board of directors. Under Cayman Islands law, our company may be voluntarily dissolved, liquidated or wound up only by the vote of holders of two-thirds of our shares voting at a meeting or by the unanimous written consent of all shareholders.

### ***Variation of rights of shares***

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our Sixth Amended and Restated Memorandum and Articles of Association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the vote of holders of a majority of the shares of such class.

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### ***Amendment of governing documents***

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Our Sixth Amended and Restated Memorandum and Articles of Association may only be amended by a special resolution passed at a duly convened shareholders meeting by the holders of at least two-thirds of our outstanding shares being entitled to vote in person or by proxy at such meeting or by a unanimous written consent of all our shareholders.

### ***Inspection of books and records***

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records. Holders of our shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we intend to provide our shareholders with annual reports containing audited financial statements.

### ***Anti-takeover provisions in our Sixth Amended and Restated Memorandum and Articles of Association***

Some provisions of our Sixth Amended and Restated Memorandum and Articles of Association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- Authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders;
- Prohibit cumulative voting;
- Do not permit shareholders to call meetings of shareholders;
- Create a classified board of directors pursuant to which our directors are elected for staggered terms, which means that shareholders can only elect, or remove, a limited number of directors in any given year; and
- Establish advance notice requirements for nominating board of directors' nominees or for proposing matters that can be acted on by shareholders at annual shareholder meetings.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Sixth Amended and Restated Memorandum and Articles of Association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

### ***Rights of non-resident or foreign shareholders***

There are no limitations imposed by foreign law or by our Sixth Amended and Restated Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in Sixth Amended and Restated Memorandum and Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed.

### ***Anti-money laundering—Cayman Islands***

In order to comply with legislation or regulations aimed at the prevention of money laundering we may adopt and maintain anti-money laundering procedures, and we may require shareholders to provide evidence to verify their identity and source of funds. Where permitted, and subject to certain conditions, we may also delegate the maintenance of our anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

We reserve the right to request such information as is necessary to verify the identity of a shareholder, unless in the particular case we are satisfied that an exemption applies under the Money Laundering Regulations (2015 Revision) of the Cayman Islands, as amended and revised from time to time, or the Regulations. Depending on the circumstances of each application, a detailed verification of identity might not be required where:

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- The shareholder makes the payment for their investment from an account held in the applicant's name at a recognized financial institution;
- The shareholder is regulated by a recognized regulatory authority and is based or incorporated in, or formed under the law of, a recognized jurisdiction; or
- The purchase of shares is made through an intermediary which is regulated by a recognized regulatory authority and is based in or incorporated in, or formed under the law of a recognized jurisdiction and an assurance is provided in relation to the procedures undertaken on the underlying investors.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority or jurisdiction will be determined in accordance with the Regulations by reference to those jurisdictions recognized by the Cayman Islands Monetary Authority as having equivalent anti-money laundering regulations.

In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, we may refuse to accept the application, in which case any funds received will be returned without interest to the account from which they were originally debited. We also reserve the right to refuse to make any redemption payment to a shareholder if our directors suspect or are advised that the payment of redemption proceeds to such shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by us with any such laws or regulations in any applicable jurisdiction.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Law of the Cayman Islands (2017 Revision) if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher pursuant to the Terrorism Law of the Cayman Islands (2017 Revision) if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

### ***Listing***

We have been listing of the ADSs on the NYSE American under the symbol "AMBO" since 2018.

## **DESCRIPTION OF AMERICAN DEPOSITARY SHARES**

### **American Depositary Shares**

Citibank, N.A. is the depositary bank for our American Depositary Shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary bank. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary bank typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A.—Hong Kong, located at 10/F, Harbour Front (II), 22 Tak Fung Street, Hong Hum, Kowloon, Hong Kong.

We have appointed Citibank as the depositary bank pursuant to a deposit agreement. A copy of the deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC's website ([www.sec.gov](http://www.sec.gov)).

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety.

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Each ADS represents the right to receive two Class A ordinary shares, par value \$0.003 per share, on deposit with the custodian. An ADS also represents the right to receive any other property received by the depositary or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the depositary. As an ADS holder you appoint the depositary to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of ordinary shares will continue to be governed by the laws of the Cayman Islands, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depositary, the custodian, us nor any of their or our respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

As an owner of ADSs, you may hold your ADSs either by means of an American depositary receipt, or ADR, registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary (commonly referred to as the “direct registration system” or “DRS”). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary to the holders of the ADSs. The direct registration system includes automated transfers between the depositary and The Depository Trust Company, or DTC, the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as an ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the “holder.” When we refer to “you,” we assume the reader owns ADSs and will own ADSs at the relevant time.

#### **Dividends and distributions**

As a holder, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders will receive such distributions under the terms of the deposit agreement in proportion to the number of the ADSs held as of a specified record date, after deduction of the applicable fees, taxes and expenses.

#### ***Distributions of cash***

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary will arrange for the funds to be converted into U.S. dollars, if the funds are not initially in U.S. dollars, and for the distribution of the U.S. dollars to the holders, subject to the applicable laws and regulations.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The amounts distributed to holders will be net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit. The depositary bank will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected

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or the funds that the depository bank holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

### ***Distributions of shares***

Whenever we make a free distribution of ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depository will either distribute to holders new ADSs representing the ordinary shares deposited or modify the ADS-to-ordinary shares ratio, in which case each ADS you hold will represent rights and interests in the additional ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-ordinary shares ratio upon a distribution of ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depository may sell all or a portion of the new ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (i.e., the U.S. securities laws) or if it is not operationally practicable. If the depository does not distribute new ADSs as described above, it may sell the ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

### ***Distributions of rights***

Whenever we intend to distribute rights to purchase additional ordinary shares, we will give prior notice to the depository and we will assist the depository in determining whether it is lawful and reasonably practicable to distribute rights to purchase additional ADSs to holders.

The depository will establish procedures to distribute rights to purchase additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depository is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to purchase new ordinary shares other than in the form of ADSs.

The depository will not distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you;
- We fail to deliver satisfactory documents to the depository; or
- It is not reasonably practicable to distribute the rights.

The depository will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depository is unable to sell the rights, it will allow the rights to lapse.

### ***Elective distributions***

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depository and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depository in determining whether such distribution is lawful and reasonably practicable. The depository will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depository will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

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If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in the Cayman Islands would receive upon failing to make an election, as more fully described in the deposit agreement.

### ***Other distributions***

Whenever we intend to distribute property other than cash, ordinary shares or rights to purchase additional ordinary shares, we will notify the depositary in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary in determining whether such distribution to holders is lawful and reasonably practicable. If it is reasonably practicable to distribute such property to you and if we provide all of the documentation contemplated in the deposit agreement, the depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary may sell all or a portion of the property received.

The depositary will not distribute the property to you and will sell the property if:

- We do not request that the property be distributed to you or if we ask that the property not be distributed to you;
- We do not deliver satisfactory documents to the depositary; or
- The depositary determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

### ***Redemption***

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary will provide notice of the redemption to the holders. The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary will convert the redemption funds received into U.S. dollars upon the terms of the deposit agreement and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary may determine.

### **Changes affecting Class A ordinary shares**

The Class A ordinary shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, a split-up, cancellation, consolidation or reclassification of such ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets. If any such change were to occur, your ADSs would, to the extent permitted by law, represent the right to receive the property received or exchanged in respect of the ordinary shares held on deposit. The depositary may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable registration statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs. If the depositary may not lawfully distribute such property to you, the depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

### **Transfer, combination and split up of ADRs**

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary and also must:

- Ensure that the surrendered ADR certificate is properly endorsed or otherwise in proper form for transfer;
  - Provide such proof of identity and genuineness of signatures as the depositary deems appropriate;
  - Provide any transfer stamps required by the State of New York or the United States; and
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- Pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depository with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

### **Withdrawal of shares upon cancellation of ADSs**

As a holder, you will be entitled to present your ADSs to the depository for cancellation and then receive the corresponding number of underlying ordinary shares at the custodian's offices. Your ability to withdraw the ordinary shares held in respect of the ADSs may be limited by U.S. and legal considerations applicable at the time of withdrawal. In order to withdraw the ordinary shares represented by your ADSs, you will be required to pay to the depository the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the ordinary shares being withdrawn. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depository may ask you to provide proof of identity and genuineness of any signature and such other documents as the depository may deem appropriate before it will cancel your ADSs. The withdrawal of the ordinary shares represented by your ADSs may be delayed until the depository receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depository will only accept ADSs for cancellation that represents a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the ordinary shares or ADSs are closed, or (ii) ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends;
- Obligations to pay fees, taxes and similar charges; or
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

### **Voting rights**

As a holder, you generally have the right under the deposit agreement to instruct the depository to exercise the voting rights for the Class A ordinary shares represented by your ADSs. See "Description of shares and governing documents—Ordinary shares—Voting rights" for a description of the voting rights of holders of ordinary shares.

At our request, the depository will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depository to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depository bank may distribute to holders of ADSs instructions on how to retrieve such materials upon request.

Voting at our shareholder meetings is by poll. If the depository bank timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities (in person or by proxy) represented by the holder's ADSs in accordance with such voting instructions.

Please note that the ability of the depository to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depository in a timely manner. Securities for which no voting instructions have been received will not be voted.

### **Fees and charges**

As an ADS holder, you will be required to pay the following service fees to the depository:

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Service	Fees
Issuance of ADSs	up to U.S. 5¢ per ADS issued
Cancellation of ADSs	up to U.S. 5¢ per ADS canceled
Distribution of cash dividends or other cash distributions	up to U.S. 5¢ per ADS held
Distribution of ADSs pursuant to stock dividends, free stock distributions or exercise of rights	up to U.S. 5¢ per ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs	up to U.S. 5¢ per ADS held
Depository Services	up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depository

As an ADS holder you will also be responsible to pay certain fees and expenses incurred by the depository and certain taxes and governmental charges such as:

- Fees for the transfer and registration of ordinary shares charged by the registrar and transfer agent for the ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of ordinary shares);
- Expenses incurred for converting foreign currency into U.S. dollars;
- Expenses for cable, telex and fax transmissions and for delivery of securities;
- Fees and expenses incurred in connection with compliance and exchange control regulations and other applicable regulatory requirements;
- Taxes and duties upon the transfer of securities (i.e., when ordinary shares are deposited or withdrawn from deposit); and
- Fees and expenses incurred in connection with the delivery or servicing of ordinary shares on deposit.

Depository fees payable upon the issuance and cancellation of ADSs are typically paid to the depository by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depository and by the brokers (on behalf of their clients) delivering the ADSs to the depository for cancellation. The brokers in turn charge these fees to their clients. Depository fees payable in connection with distributions of cash or securities to ADS holders and the depository services fee are charged by the depository to the holders of record of ADSs as of the applicable ADS record date.

The depository fees payable for cash distributions are generally deducted from the cash being distributed. In the case of distributions other than cash (i.e., stock dividend, rights), the depository charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depository sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depository generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositories.

In the event of refusal to pay the depository fees, the depository may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depository fees from any distribution to be made to the ADS holder.

Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depository. You will receive prior notice of such changes.

The depository may reimburse us for certain expenses incurred by us in respect of the ADR program established pursuant to the deposit agreement upon such terms and conditions as we and the depository may agree from time to time.



## **Amendments and termination**

We may agree with the depository to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depository to terminate the deposit agreement. Similarly, the depository may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depository must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depository will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depository will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depository will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

## **Books of depository**

The depository will maintain ADS holder records at its depository office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement. The depository will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

## **Limitations on obligations and liabilities**

The deposit agreement limits our obligations and the depository's obligations to you. Please note the following:

- We and the depository are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
  - The depository disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
  - The depository disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in ordinary shares, for the validity or worth of the ordinary shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.
  - We and the depository will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
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- We and the depository bank disclaim any liability if we or the depository bank are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our Sixth Amended and Restated Memorandum and Articles of Association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.
  - We and the depository disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for the deposit agreement or in our Sixth Amended and Restated Memorandum and Articles of Association or in any provisions of or governing the securities on deposit.
  - We and the depository further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
  - We and the depository bank also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of Shares but is not, under the terms of the deposit agreement, made available to you.
  - We and the depository may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
  - We and the depository also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.
  - No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.
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## List of Subsidiaries and Consolidated Affiliated Entities

As of December 31, 2023, the Company's subsidiaries and consolidated affiliated entities include the following entities:

<b>Name</b>	<b>Date of incorporation or acquisition</b>	<b>Place of incorporation (or establishment) /operation</b>	<b>Percentage of ownership %</b>	<b>Principal activity</b>
<b>Subsidiaries</b>				
Ambow Education Inc.	July 5, 2016	United States	100%	Investment Holding
Ambow BSC Inc.	February 14, 2017	United States	100%	Investment Holding
Bay State College Inc.	November 20, 2017	United States	100%	CP&CE Programs
Ambow NSAD Inc.	May 8, 2019	United States	100%	Investment Holding
NewSchool of Architecture and Design, LLC ("NewSchool")	March 6, 2020	United States	100%	CP&CE Programs

**AMBOW EDUCATION HOLDING LTD.**

**CODE OF CONDUCT AND ETHICS**

(As adopted on March 26, 2010)

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## **I. INTRODUCTION**

This Code of Conduct and Ethics (the “**Code**”) summarizes the ethical standards and key policies that guide the business conduct of Ambow Education Holding Ltd. (the “**Company**”).

The purpose of this Code is to promote ethical conduct and deter wrongdoing. The policies outlined in this Code are designed to ensure that the Company’s employees, including its officers (collectively referred to herein as “**employees**”), and members of its board of directors (“**directors**”) act in accordance with not only the letter but also the spirit of the laws and regulations that apply to the Company’s business. The Company expects its employees and directors to exercise good judgment to uphold these standards in their day-to-day activities and to comply with all applicable policies and procedures in the course of their relationship with the Company.

Employees and directors are expected to read the policies set forth in this Code and ensure that they understand and comply with them. All employees and directors are required to abide by the Code. The Code should also be provided to and followed by the Company’s agents and representatives, including consultants. The Code does not cover every issue that may arise, but it provides general guidelines for exercising good judgment. Employees and directors should refer to the Company’s other policies and procedures for implementing the general principles set forth below. Any questions about the Code or the appropriate course of conduct in a particular situation should be directed to the Company’s Chief Executive Officer, Chief Financial Officer, Vice President/Director of Human Resources or General Counsel, as appropriate. Any violations of laws, rules, regulations or this Code should be reported immediately. The Company will not allow retaliation against an employee or director for such a report made in good faith. Employees and directors who violate this Code will be subject to disciplinary action.

Each employee and director must sign the acknowledgement form at the end of this Code and return the form to the Company’s Human Resources Department indicating that he or she has received, read, understood and agreed to comply with the Code. The signed acknowledgement form will be placed in the individual’s personnel file.

## **II. STANDARDS OF CONDUCT**

The Company expects all employees and directors to act with the highest standards of honesty and ethical conduct. The Company considers honest conduct to be conduct that is free from fraud or deception and is characterized by integrity. The Company considers ethical conduct to be conduct conforming to accepted professional standards of conduct. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, as discussed below.

## **III. COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

Employees and directors must comply with all laws, rules and regulations applicable to the Company and its business, as well as applicable Company policies and procedures. Each employee and director must acquire appropriate knowledge of the legal requirements relating to his or her duties sufficient to enable him or her to recognize potential problems and to know

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when to seek advice from the Company's Chief Financial Officer or General Counsel. Violations of laws, rules and regulations may subject the violator to individual criminal or civil liability, as well as to discipline by the Company. These violations may also subject the Company to civil or criminal liability or the loss of business. Any questions as to the applicability of any law, rule or regulation should be directed to the Company's Chief Financial Officer or General Counsel.

#### **IV. INSIDER TRADING**

The purpose of the Company's insider trading policy is to establish guidelines to ensure that all employees and directors comply with laws prohibiting insider trading. No employee or director in possession of material, non-public information may trade the Company's securities (or advise others to trade) from the time they obtain such information until after adequate public disclosure of the information has been made. Employees and directors who knowingly trade Company securities while in possession of material, non-public information or who tip information to others will be subject to appropriate disciplinary action up to and including termination. Insider trading is also a crime.

Employees and directors also may not trade in the shares of other companies about which they learn material, non-public information through the course of their employment or service with the Company.

Any questions as to whether information is material or has been adequately disclosed should be directed to the Company's Chief Financial Officer or General Counsel. Additional information regarding insider trading can be found in the Company's Insider Trading Policy.

#### **V. CONFLICTS OF INTEREST**

A "conflict of interest" occurs when a person's private interest interferes in any way – or even appears to interfere – with the interests of the Company as a whole.

A conflict situation can arise when an employee or director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee or director, or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company. Loans to, or guarantees of obligations of, such persons are of special concern.

Conflicts of interest are prohibited as a matter of Company policy. The mere existence of a relationship with outside firms is not automatically prohibited. Nonetheless, conflicts of interest may not always be clear, so if a question arises, higher levels of management or the Company's Audit Committee should be consulted. Any employee or director who becomes aware of a conflict or a potential conflict should bring it to the attention of a supervisor, manager or other appropriate persons within the Company.

In certain exceptional circumstances, a situation involving a conflict of interest may be permitted. See Section XXVIII regarding waivers of this Code.

**VI. NO LOANS TO EXECUTIVE OFFICERS OR DIRECTORS**

It is the policy of the Company not to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit, in the form of a personal loan to or for any director or executive officer of the Company. Any questions about whether a loan has been made to a director or executive officer in violation of this policy should be directed to the Company's Chief Executive Officer or Chief Financial Officer.

**VII. OUTSIDE DIRECTORSHIPS AND OTHER OUTSIDE ACTIVITIES**

Although an employee's activities outside the Company are not necessarily a conflict of interest, a conflict could arise depending upon the employee's position with the Company and the Company's relationship with the other employer or activity. Outside activities may also be a conflict of interest if they cause, or are perceived to cause, an employee to choose between that interest and the interests of the Company.

An employee may not serve as a director, partner, employee of or consultant to, or otherwise work for or receive compensation for personal services from, any affiliate, customer, partner, supplier, distributor, reseller, licensee or competitor of the Company or any other business entity that does or seeks to do business with the Company. In certain exceptional circumstances, an executive officer may be permitted to serve as a director of such an entity (but in no circumstances will an employee be permitted to serve as a director of a competitor of the Company). See Section XXVIII regarding waivers of this Code. Serving in such a capacity for a company that is not an affiliate, customer, partner, supplier, distributor, reseller, licensee or competitor of the Company may be permitted, but such activities must be approved in advance by the employee's supervisor, the Human Resources Department and the Company's Chief Executive Officer.

Employees are encouraged to serve as a director, trustee or officer of non-profit organizations in their individual capacity and on their own time, but they must obtain prior approval from the Company's Chief Executive Officer to do so as a representative of the Company.

The guidelines in this Section VII are not applicable to directors that do not also serve in management positions within the Company.

**VIII. CORPORATE OPPORTUNITIES**

Employees and directors are prohibited from:

- Personally taking for themselves opportunities that are discovered through the use of corporate property, information or position;
- Using corporate property, information or position for personal gain; and
- Competing with the Company.

In the interest of clarifying the definition of "Competing with the Company," if any member of the Board of Directors of the Company who is also a partner or employee of an entity that is a holder of the Company's Ordinary Shares, or an employee of an entity that manages

such an entity (each, a “Fund”), acquires knowledge of an opportunity of interest for both the Company and such Fund other than in connection with such individual’s service as a member of the Board of Directors (including, if applicable, such board member acquiring such knowledge in such individual’s capacity as a partner or employee of the Fund or the manager or general partner of a Fund), then, provided that such director has acted in good faith, such an event shall be deemed not to be “Competing with the Company” under this Section VIII.

Employees and directors owe a duty to the Company to advance its legitimate interests when the opportunity to do so in a legal and ethical manner arises.

**IX. FAIR DEALING**

The Company seeks to excel while operating fairly and honestly, never through unethical or illegal business practices. Each employee and director should endeavor to deal fairly with the Company’s customers, suppliers, competitors and employees. No employee or director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practices.

**X. CUSTOMER RELATIONSHIPS**

Employees must act in a manner that creates value for the Company’s customers and helps to build a relationship based upon trust. The Company and its employees have provided products and services for many years and have built up significant goodwill over that time. This goodwill is one of our most important assets, and Company employees must act to preserve and enhance the Company’s reputation.

**XI. SUPPLIER RELATIONSHIPS**

The Company’s suppliers make significant contributions to the Company’s success. To create an environment where the Company’s suppliers have an incentive to work with the Company, suppliers must be confident that they will be treated lawfully and in an ethical manner. The Company’s policy is to purchase supplies based on need, quality, service, price and terms and conditions. The Company’s policy is to select significant suppliers or enter into significant supplier agreements through a competitive bid process where possible. In selecting suppliers, the Company does not discriminate on the basis of race, color, religion, sex, national origin, age, sexual preference, marital status, medical condition, veteran status, physical or mental disability, or any other characteristic protected by applicable law. A supplier to the Company is generally free to sell its products or services to any other party, including Company competitors. In some cases where the products or services have been designed, fabricated, or developed to the Company’s specifications, the agreement between the parties may contain restrictions on sales.

**XII. EXPORT CONTROLS**

The Company requires compliance with laws and regulations governing export controls in both the United States and in the countries where the Company conducts its business. A number of countries maintain controls on the destinations to which products may be exported. Some of the strictest export controls are maintained by the United States against countries that

the U.S. government considers unfriendly or as supporting international terrorism. The U.S. regulations are complex and apply both to exports from the United States and to exports of products from other countries, when those products contain U.S.-origin components or technology. In some circumstances, an oral presentation containing technical data made to foreign nationals in the United States may constitute an export subject to control. Any questions about export control laws and regulations should be directed to the Company's Chief Financial Officer or General Counsel.

### **XIII. GIFTS AND ENTERTAINMENT**

Business gifts and entertainment are designed to build goodwill and sound working relationships among business partners. A problem may arise if:

- The receipt by one of our employees of a gift or entertainment would compromise, or could reasonably be viewed as compromising, that person's ability to make objective and fair business decisions on behalf of the Company; or
- The offering by one of our employees of a gift or entertainment would appear to be an attempt to obtain business through improper means or to gain any special advantage in our business relationships, or could reasonably be viewed as such an attempt.

Employees must use good judgment and ensure there is no violation of these principles. No gift or entertainment should be given or accepted by any Company employee, family member of an employee or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff, (5) does not violate any laws or regulations and (6) is not one of a series of small gifts or entertainments that can be construed as part of a larger, expensive gift. Any questions about whether any gifts or proposed gifts are appropriate should be directed to the Company's Chief Financial Officer. You should also review the Company's Foreign Corrupt Practices Act Compliance Policy regarding the specific conditions for gifts and entertainment.

### **XIV. GOVERNMENT BUSINESS**

Employees should understand that special requirements might apply when contracting with any governmental body (including national, state, provincial, municipal, or other similar governmental divisions on local jurisdictions). Because government officials are obligated to follow specific codes of conduct and laws, special care must be taken in government procurement. Some key requirements for doing business with government are:

- Accurately representing which Company products are covered by government contracts;
- Not improperly soliciting or obtaining confidential information, such as sealed competitors' bids, from government officials prior to the award of a contract; and
- Hiring present and former government personnel may only occur in compliance with applicable laws and regulations (as well as consulting the Company's Chief Financial Officer or General Counsel and the Human Resources Department).

When dealing with public officials, employees and directors must avoid any activity that is or appears illegal or unethical. Promising, offering or giving of favors, gratuities or gifts, including meals, entertainment, transportation, and lodging, to government officials in the various branches of U.S. government, as well as state and local governments, is restricted by law. Employees and directors must obtain pre-approval from the Company's Chief Executive Officer or Chief Financial Officer, as appropriate, before providing anything of value to a government official or employee. The foregoing does not apply to lawful personal political contributions.

In addition, the U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. Illegal payments to government officials of any country are strictly prohibited. Additional information regarding the Foreign Corrupt Practices Act can be found in the Company's Foreign Corrupt Practices Act Compliance Policy.

**XV. POLITICAL CONTRIBUTIONS**

It is the Company's policy to comply fully with all local, state, federal, foreign and other applicable laws, rules and regulations regarding political contributions. The Company's funds or assets must not be used for, or be contributed to, political campaigns or political practices under any circumstances without the prior written approval of the Company's Chief Executive Officer and, if required, the Company's Board of Directors. You should also consult the Company's Foreign Corrupt Practices Act Compliance Policy.

**XVI. PROTECTION AND PROPER USE OF COMPANY ASSETS**

Theft, carelessness and waste have a direct impact on the Company's profitability. Employees and directors should protect the Company's assets and ensure their efficient use. All Company assets should be used for legitimate business purposes.

Company assets include intellectual property such as patents, trademarks, copyrights, business and marketing plans, engineering and manufacturing ideas, designs, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information is a violation of Company policy.

**XVII. USE OF COMPUTERS AND OTHER EQUIPMENT**

The Company strives to furnish employees with the equipment necessary to efficiently and effectively perform their jobs. Employees must care for that equipment and use it responsibly and only for Company business purposes. If employees use Company equipment at their home or off site, precautions must be taken to protect such Company equipment from theft or damage. Employees must immediately return all Company equipment when their employment relationship with the Company ends. While computers and other electronic devices are made accessible to employees to assist them to perform their jobs and to promote our interests, all such computers and electronic devices, whether used entirely or partially on the Company's premises or with the aid of the Company's equipment or resources, must remain fully accessible to the Company and will remain the sole and exclusive property of the Company.

Employees should not maintain any expectation of privacy with respect to any electronic communications made using Company equipment. To the extent permitted by applicable law, the Company retains the right to gain access to any such information, at any time, with or without your knowledge, consent or approval.

**XVIII. USE OF SOFTWARE**

All software used by employees to conduct Company business must be appropriately licensed. Employees should never make or use illegal or unauthorized copies of any software, whether in the office, at home, or on the road, since doing so may constitute copyright infringement and may expose the employee and the Company to potential civil and criminal liability. The Company's information technology department will inspect Company computers periodically to verify that only approved and licensed software has been installed. Any non-licensed/supported software will be removed.

**XIX. USE OF ELECTRONIC COMMUNICATIONS**

Employees must use electronic communication devices in a legal, ethical, and appropriate manner. Electronic communications devices include computers, e-mail, connections to the Internet, intranet and extranet and any other public or private networks, voice mail, video conferencing, facsimiles, telephones or future types of electronic communication. Employees may not post or discuss information concerning Company products or business on the Internet without the prior written consent of the Company's Chief Executive Officer or Chief Financial Officer. It is not possible to identify every standard and rule applicable to the use of electronic communications devices. Employees are therefore encouraged to use sound judgment whenever using any feature of the Company's communications systems.

**XX. CONFIDENTIALITY**

Employees and directors should maintain the confidentiality of information entrusted to them by the Company or its affiliates, customers, partners, distributors and suppliers, except when disclosure is specifically authorized by the Company's Chief Executive Officer or Chief Financial Officer or required by law.

Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its affiliates, customers, partners, distributors and suppliers if disclosed. Any questions about whether information is confidential should be directed to the Company's Chief Executive Officer, Chief Financial Officer or General Counsel.

**XXI. RECORDKEEPING**

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the transactions and matters to which they relate and must conform both to applicable legal requirements and to the Company's system of internal controls. All assets of the Company must be carefully and properly accounted for. The making of false or misleading records or documentation is strictly prohibited. Unrecorded funds or assets should not be maintained.

The Company complies with all laws and regulations regarding the preservation of records. Records should be retained or destroyed only in accordance with the Company's document retention policies. Any questions about these policies should be directed to the Company's Chief Financial Officer or General Counsel, as appropriate. You should also consult the Company's Foreign Corrupt Practices Act Compliance Policy.

#### **XXII. RECORDS ON LEGAL HOLD**

A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. The Company's Chief Financial Officer or General Counsel determines and identifies what types of Company records or documents are required to be placed under a legal hold and will notify employees if a legal hold is placed on records for which they are responsible. Employees must not destroy, alter or modify records or supporting documents that have been placed under a legal hold under any circumstances. A legal hold remains effective until it is officially released in writing by the Company's Chief Financial Officer or General Counsel. If an employee is unsure whether a document has been placed under a legal hold, such employee should preserve and protect that document while the Legal Department is contacted.

#### **XXIII. DISCLOSURE**

The information in the Company's public communications, including filings with the Securities and Exchange Commission, must be full, fair, accurate, timely and understandable. All employees and directors are responsible for acting in furtherance of this policy. In particular, each employee and director is responsible for complying with the Company's disclosure controls and procedures and internal controls for financial reporting. Any questions concerning the Company's disclosure controls and procedures and internal controls for financial reporting should be directed to the Company's Chief Executive Officer, Chief Financial Officer or General Counsel, as appropriate.

Anyone that believes that questionable accounting or auditing conduct or practices have occurred or are occurring should refer to the Company's Policy Regarding Reporting of Financial and Accounting Concerns.

#### **XXIV. OUTSIDE COMMUNICATIONS**

The Company has established specific policies regarding who may communicate information to the public, the press and the financial analyst communities:

- The Company's Chief Executive Officer, Chief Financial Officer and investor relations personnel are official spokespeople for financial matters.
- The Company's corporate communications personnel are official spokespeople for public comment, press, marketing, technical and other such information.
- All communications made to public audiences, including formal communications and presentations made to investors, customers or the press, require prior approval in accordance with the Company's established policies for such communications,

including review by investor relations or corporate communications personnel, as applicable, with final review by the Company's Chief Executive Officer or Chief Financial Officer, who will ensure that all necessary review is undertaken.

These designees are the only people who may communicate externally on behalf of the Company. Employees and directors should refer all inquiries or calls from the press, from shareholders or from financial analysts to the investor relations department or the Company's Chief Financial Officer, who will see that the inquiry is directed to the appropriate authority within the Company.

Employees and directors may not publish or make public statements outside the scope of employment with or service to the Company that might be perceived or construed as attributable to the Company without preapproval from the Company's Chief Executive Officer or Chief Financial Officer, as appropriate. Any such statement must include the Company's standard disclaimer that the publication or statement represents the views of the specific author and not of the Company.

#### **XXV. DISCRIMINATION AND HARASSMENT**

The diversity of the Company's employees is a tremendous asset. We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

#### **XXVI. HEALTH AND SAFETY**

The Company strives to provide each employee with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use or possession of illegal drugs in the workplace will not be tolerated.

#### **XXVII. COMPLIANCE STANDARDS AND PROCEDURES**

No code of conduct and ethics can replace the thoughtful behavior of an ethical employee or director or provide definitive answers to all questions. Since the Company cannot anticipate every potential situation, certain policies and procedures have been put in place to help employees and directors approach questions or problems as they arise.

##### **A. Designated Ethics Officer**

The Company's Chief Financial Officer has been designated as the Company's Ethics Officer with responsibility for overseeing and monitoring compliance with the Code. The Ethics Officer reports directly to the Chief Executive Officer with respect to these matters and also will make periodic reports to the Company's Audit Committee regarding the implementation and

effectiveness of this Code as well as the policies and procedures put in place to ensure compliance with the Code.

**B. Seeking Guidance**

Employees and directors are encouraged to seek guidance from supervisors, managers or other appropriate personnel when in doubt about the best course of action to take in a particular situation. In most instances, questions regarding the Code should be brought to the attention of the Company's Vice President/Director of Human Resources, General Counsel or Chief Financial Officer.

**C. Reporting Violations**

If an employee or director knows of or suspects a violation of the Code, or of applicable laws and regulations, he or she must report it immediately to the Company's Chief Executive Officer, Chief Financial Officer or General Counsel, as appropriate. If the situation warrants or requires it, the reporting person's identity will be kept anonymous to the extent legally permitted and practical.

Anyone that believes that questionable accounting or auditing conduct or practices have occurred or are occurring should refer to the Company's Policy Regarding Reporting of Financial and Accounting Concerns.

**D. No Retaliation**

Any employee or director who observes possible unethical or illegal conduct is encouraged to report his or her concerns. Reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or suspected violation of law, this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

Any employees involved in retaliation will be subject to serious disciplinary action by the Company. Furthermore, the Company could be subject to criminal or civil actions for acts of retaliation against employees who "blow the whistle" on U.S. federal securities law violations and other federal offenses.

**E. Investigations**

Reported violations will be promptly investigated. The Board of Directors or its designated committee will be responsible for investigating violations and determining appropriate disciplinary action for matters involving members of the Board of Directors or executive officers. The Board of Directors or its designated committee may designate others to conduct or manage investigations on its behalf and recommend disciplinary action. Subject to the general authority of the Board of Directors to administer this Code, the Chief Financial Officer and the General Counsel will be jointly responsible for investigating violations (including the initiating of any such investigation) and determining appropriate disciplinary action for other employees, agents and contractors. The Chief Financial Officer and the General Counsel may designate others to conduct or manage investigations on their behalf and

recommend disciplinary action. The Board of Directors reserves the right to investigate violations and determine appropriate disciplinary action on its own or to designate others to do so in place of, or in addition to, the Chief Financial Officer and the General Counsel. It is imperative that the person reporting the violation not conduct an investigation on his or her own. However, employees and directors are expected to cooperate fully with any investigation made by the Company into reported violations.

#### **F. Discipline/Penalties**

Employees and directors who violate the laws or regulations governing the Company's business, this Code, or any other Company policy, procedure or requirement may be subject to disciplinary action, up to and including termination. Employees and directors who have knowledge of a violation and fail to move promptly to report or correct it, or who direct or approve violations, may also be subject to disciplinary action, up to and including termination.

Furthermore, violations of some provisions of this Code are illegal and may subject the employee or director to civil and criminal liability.

### **XXVIII. GENERAL COMPLIANCE GUIDELINES**

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know if a violation has occurred. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts possible. To reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, follow up on it.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your manager. This is the basic guidance for all situations. In many cases, your manager will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your manager's responsibility to help solve problems.
- Seek help from Company resources. If you do not feel comfortable approaching your manager with your question, discuss it with your local Human Resources representative.
- You may report ethical violations in confidence and without fear of retaliation. If you find yourself in a situation that requires that your identity be kept

confidential, your anonymity will be protected to the extent possible. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.

- Always ask first, act later when confronted with an ethical issue: If you are unsure of what to do in any situation, seek guidance before you act.

**XXIX. AMENDMENT, MODIFICATION AND WAIVER**

This Code may be amended or modified by the Board of Directors or a committee of the Board of Directors.

Any amendment or waiver of this Code for a director, executive officer or any financial or accounting officer at the level of the principal accounting officer or controller or above, may be made only by the Board of Directors, and must be promptly disclosed to shareholders if and as required by applicable law or the rules of the share exchange on which the Company's shares are traded. Waivers with respect to other employees or applicable contractors may be made only by the Company's Chief Executive Officer. Any waiver of this Code with respect to a conflict of interest transaction required to be disclosed pursuant to Item 404 of Regulation S-K promulgated under the Securities Act of 1933, as amended, must be approved in advance by the Company's Audit Committee.

\* \* \* \* \*

CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULES 13a-14 and 15d-14  
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Jin Huang, certify that:

1. I have reviewed this annual report on Form 20-F for the fiscal year ended December 31, 2023 of Ambow Education Holding Ltd. (the “Registrant”);
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements and other financial information included in this annual report fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this annual report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
  - (d) Disclosed in this annual report any change in the Registrant’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting.
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: April 25, 2024

/s/ Jin Huang

Name: Jin Huang

Title: President and Chief Executive Officer  
(Principal Executive Officer)

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CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULES 13a-14 and 15d-14  
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Jin Huang, certify that:

1. I have reviewed this annual report on Form 20-F for the fiscal year ended December 31, 2023 of Ambow Education Holding Ltd. (the “Registrant”);
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements and other financial information included in this annual report fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this annual report;
4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure control and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
  - (d) Disclosed in this annual report any change in the Registrant’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting.
5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial formation; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: April 25, 2024

/s/ Jin Huang

Name: Jin Huang

Title: Acting Chief Financial Officer  
(Principal Financial Officer)

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CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Ambow Education Holding Ltd. (the "Company") on Form 20-F for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jin Huang, the President and Chief Executive Officer (Principal Executive Officer) of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Pursuant to the rules and regulations of the Securities and Exchange Commission, this certification is being furnished and not deemed filed.

April 25, 2024

/s/ Jin Huang

\_\_\_\_\_  
Name: Jin Huang

Title: President and Chief Executive Officer  
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request

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CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Ambow Education Holding Ltd. (the "Company") on Form 20-F for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jin Huang, the Chief Financial Officer (Principal Financial Officer) of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Pursuant to the rules and regulations of the Securities and Exchange Commission, this certification is being furnished and not deemed filed.

April 25, 2024

/s/ Jin Huang

Name: Jin Huang

Title: Acting Chief Financial Officer  
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in this Registration Statement of Ambow Education Holding Ltd. on Form F-3 (File No. 333-264878) of our report dated April 25, 2024, with respect to our audits of the consolidated financial statements of Ambow Education Holding Ltd. as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 appearing in the Annual Report on Form 20-F of Ambow Education Holding Ltd. for the year ended December 31, 2023. We also consent to the reference to our firm under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP

New York, NY  
April 25, 2024

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## AMBOW EDUCATION HOLDING LTD.

## CLAWBACK POLICY

**Introduction**

The Board of Directors (the “**Board**”) of Ambow Education Holding Ltd. (the “**Company**”) believes that it is in the best interests of the Company and its stockholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certain executive compensation received in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws (the “**Policy**”). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934 (the “**Exchange Act**”), the rules and amendments adopted by the Securities and Exchange Commission (the “**SEC**”) to implement the aforementioned legislation, and the listing standards of the national securities exchange on which the Company’s securities are listed.

**Administration**

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

**Covered Executives**

This Policy applies to the Company’s current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the national securities exchange on which the Company’s securities are listed, and such other senior executives/employees who may from time to time be deemed subject to the Policy by the Board (“**Covered Executives**”).

**Recoupment; Accounting Restatement**

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, the Board will require reimbursement or forfeiture of any excess Incentive Compensation (as defined below) received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement.

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## **Incentive Compensation**

For purposes of this Policy, Incentive Compensation means any of the following; provided that such compensation is granted, earned, or vested based wholly or in part on the attainment of a financial reporting measure:

- Annual cash bonuses and other short- and long-term cash incentives
- Stock options
- Stock appreciation rights
- Restricted stock
- Restricted stock units
- Performance shares
- Performance units

Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures and may include, among other things, any of the following:

- Company stock price
- Total stockholder return
- Revenues
- Net income
- Earnings before interest, taxes, depreciation, and amortization (EBITDA)
- Liquidity measures such as working capital or operating cash flow
- Earnings measures such as earnings per share
- "Non-GAAP financial measures" for purposes of Exchange Act Regulation G and 17CFR 229.10

## **Excess Incentive Compensation: Amount Subject to Recovery**

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Board.

If the Board cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement on the applicable measure.

### **Method of Recoupment**

The Board will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- requiring reimbursement of cash Incentive Compensation previously paid;
- seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;
- cancelling outstanding vested or unvested equity awards; and/or
- taking any other remedial and recovery action permitted by law, as determined by the Board.

### **No Indemnification**

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation.

### **Interpretation**

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and applicable rules or standards adopted by the Securities and Exchange Commission or any national securities exchange on which the Company's securities are listed.

### **Effective Date**

This Policy shall be effective as of October 2, 2023 (the “**Effective Date**”) and shall apply to Incentive Compensation that is approved, awarded or granted to Covered Executives on or after that date. This Policy shall apply to any excess Incentive Compensation received by Covered Executives during the three immediately completed fiscal years preceding the date on which a company is required to prepare an accounting restatement.

### **Amendment; Termination**

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with the rules and standards adopted by the SEC and the listing standards of any national securities exchange on which the Company’s securities are listed. The Board may terminate this Policy at any time.

### **Other Recoupment Rights**

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

### **Impracticability**

The Board shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with Rule 10D-1 of the Exchange Act and any applicable rules or standards adopted by the SEC and the listing standards of any national securities exchange on which the Company's securities are listed.

### **Successors**

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.