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**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, 2024

**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)

10080 N. Wolfe RD, Suite SW3-200, Cupertino, CA 95014

United States of America

(Address of principal executive offices)

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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, par  
value  
\$0.003 per share,  
and 4,708,415 Class C Ordinary Shares,  
par value \$0.003 per share, as of  
December 31, 2024

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.

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† 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.

☐ Yes ☒ No

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

## PART I

Item 1.	Identity of Directors, Senior Management and Advisers	1
Item 2.	Offer Statistics and Expected Timetable	1
Item 3.	Key Information	1
Item 4.	Information on the Company	26
Item 4A	Unresolved Staff Comments	39
Item 5.	Operating and Financial Review and Prospects	39
Item 6.	Directors, Senior Management and Employees	48
Item 7.	Major Shareholders and Related Party Transactions	60
Item 8.	Financial Information	61
Item 9.	The Offer and Listing	61
Item 10.	Additional Information	62
Item 11.	Quantitative and Qualitative Disclosures About Market Risk	71
Item 12.	Description of Securities Other Than Equity Securities	71

## PART II

Item 13.	Defaults, Dividend Arrearages and Delinquencies	73
Item 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	73
Item 15.	Controls and Procedures	73
Item 16.	[Reserved]	74
Item 16A.	Audit Committee Financial Expert	74
Item 16B.	Code of Ethics	74
Item 16C.	Principal Accountant Fees and Services	74
Item 16D.	Exemptions from the Listing Standards for Audit Committees	74
Item 16E.	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	74
Item 16F.	Change in Registrant's Certifying Accountant	74
Item 16G.	Corporate Governance	75
Item 16H.	Mine Safety Disclosure	75
Item 16I.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	76
Item 16J.	Insider Trading Policies	76
Item 16K.	Cybersecurity	76

## PART III

Item 17.	Financial Statements	77
Item 18.	Financial Statements	77
Item 19.	Exhibits	77

## 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, each representing twenty Class A Ordinary 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.
- “IPO” refers to the initial public offering of our ADSs.
- “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;
- Our need to obtain additional funding and our ability to obtain funding in the future on acceptable terms;
- 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 American 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.*
- *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.*

## **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. 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. college, NewSchool of Architecture & Design, LLC (“NewSchool”), competes 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 operations decreased from \$14.8 million in 2022 to \$9.2 million in 2023, and further increased slightly to \$9.4 million in 2024. 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 deepfakes, 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 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 currently involved in two lawsuits concerning our leased property. Filed on July 15, 2024, by Art Block Investors, LLC et al., in the San Diego Superior Court (the “Court”), this unlawful detainer action seeks possession of premises occupied by NewSchool and recovery of \$2,255,984.44 in past rent and common area maintenance (CAM) fees. Following trial, the Court issued a Proposed Statement of Decision awarding the plaintiffs possession and damages, with attorney’s fees and costs (estimated \$80,000–\$100,000) to be determined. NewSchool has objected, but judgment is expected within 30 days, followed by a motion for fees. In addition, filed on September 6, 2024, in the San Diego Superior Court, Art Block Investors, LLC et al. alleges breach of contract and guaranty against NewSchool and Ambow Education Holdings Ltd., seeking \$4,466,247.80, potentially offset by amounts recovered in the first lawsuit. We, as defendants, have answered and are contesting the claims; no pretrial or trial dates have been set. The Company continues to evaluate these matters. The ultimate resolution of the proceedings may have a material adverse impact on our business, financial condition, results of operations or cash flows. Failure to settle the proceedings or other unfavorable outcomes in these proceedings could result in significant damages, additional penalties or other remedies imposed against the Company. Litigation of this kind could result in substantial costs and a diversion of our management’s attention and resources. It could also result in our reputation being harmed and our stock price could decline as a result of allegations made in the course of the proceedings, regardless of the truthfulness of the allegations. See also “*Legal Proceedings*.”

In addition, 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, or any actions or claims by third parties with respect to our leased real properties other than the lawsuits as described above and disclosed in Item 4.B. in this report. However, if we are unable to use the existing properties, enter new leases or renew our current leases on 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 2023 and 2024.

***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 2024, 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 adopted a new equity incentive plan in 2024. 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, 2024, 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, 2024. 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 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. NewSchool is currently in the process of applying for the recertification.

***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. college could lose its 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, NewSchool derived approximately 60.3% of its cash-basis revenues from these programs in the year 2023. Percentages of NewSchool for the year 2024 are in the process of audits as of the date of this report, which we estimate will be in compliance with the 90/10 Rule. If NewSchool loses eligibility to participate in Title IV programs because it is unable to comply with the 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 2023, the composited score of NewSchool was 2.2. The audits to calculate the composited scores of NewSchool for the fiscal year of 2024 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 NewSchool has 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 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' abilities 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 43.8% of the consolidated net revenues in our revenue from receipt by NewSchool of Title IV financial aid program funds in the year of 2024, 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 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 the delisting of our ADSs. In order to maintain this listing, we must maintain a certain share price and 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 the transfer of your ADSs.***

Your ADSs are transferable on the books of the depositary. However, the depositary 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 depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary 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 mainland China 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, Guangdong Prouden CPAs GP, 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, is headquartered in Guangzhou, China and is subject to inspection by the PCAOB to assess its compliance with the applicable professional standards. 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, 2024 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, 2024 and concluded that our internal control over financial reporting was effective as of December 31, 2024. 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. college 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. college 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 our U.S. college, 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. college's 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. college 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. college 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, 2024. 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, 2024 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 depositary. Upon receipt of voting instructions, the depositary 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 depositary 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 depositary to vote your shares. In addition, the depositary 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 depositary 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 depositary 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 depositary 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 depositary 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 depositary 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 and 2024, we debuted HybriU, marking a significant milestone in the evolution of digital education solutions. HybriU established 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. We have established partnerships to expand HybriU's influence in the rapidly growing global digital sector. With more international partners joining HybriU's sales network, we can focus on strengthening our presence in key U.S. markets.

In June 2024, we entered into a \$1.3 million non-exclusive, annually renewable licensing agreement with Inspiring Futures Pte. LTD, a Singapore company. This agreement grants licensing authorization for the production of the HybriU AI UniBox and the sale of HybriU, a comprehensive AI-driven, plug-and-play educational solution, in international markets. The agreement aligns with Ambow's mission to advance the future of education and empower educators and students globally.

#### Principal Executive Office

Our principal executive offices are located at 10080 N. Wolfe Rd, Suite SW3-200, 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, P.O. Box 52A Edgewater Way, 1653, KY1-9006, Cayman Islands. Our registered office telephone number is +1 345-917-1939.

We are subject to the periodic reporting and other informational requirements of 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 no later than four months after the close of each fiscal year, which is December 31. All information filed with the SEC can be obtained over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov).

## 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 shape the future of learning, collaboration, and communication through innovative, AI-powered Phygital solutions that seamlessly connect the physical and digital worlds. At the core of this mission is HybriU—a cutting-edge platform that transforms education, corporate conferencing and live events by delivering immersive, intelligent and real-time experiences across industries.

Designed to bridge the gap between in-person and remote interaction, HybriU enables AI-driven automation, deep engagement and seamless collaboration. With HybriU, Ambow is redefining how people connect, learn and grow—empowering greater access, equity and innovation in education and beyond.

### Our services and products

#### *Our Educational Services*

As committed advocates of “Education for Employment,” Ambow delivers educational programs through its wholly owned subsidiaries that are thoughtfully designed to align with the evolving demands of today’s job market. This includes NewSchool of Architecture & Design in San Diego, California—a key institution in our network—dedicated to offering industry-aligned, career-focused education that empowers students to excel in their chosen related fields.

NewSchool of Architecture & Design, located in the vibrant city of San Diego, California, is a recognized leader in architectural and design education. The institution is distinguished by its rigorous, forward-thinking curriculum that emphasizes design thinking, sustainability and social responsibility. With a wide array of programs in architecture, interior design, product design and urban design, NewSchool prepares students to meet the complex challenges of today’s built environment. Its hands-on, real-world approach—combined with a global perspective and a diverse, experienced faculty—ensures a holistic education aligned with the demands of the AI-driven future.

#### *Our HybriU Solution*

HybriU Education is an AI + 3D hardware and software solution that seamlessly integrates digital and physical classrooms, enhancing teaching and engagement to deliver an immersive, flexible and accessible education.

HybriU Conference revolutionizes corporate conferencing by seamlessly integrating AI intelligence with phygital (physical + digital) innovation, creating an immersive, interactive and globally connected phygital meeting and event experience.

## 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 student and international student enrollment is expected in the future. The longer and more frequently a student uses our services and products, the more effective and personalized the services and content becomes—boosting students’ stickiness and encouraging sustained use of our services throughout their learning cycle.

## Our technology and solutions

### *Company Vision*

To lead the global shift toward smarter, more inclusive and human-centered hybrid experiences across industries.

### *HybriU Vision*

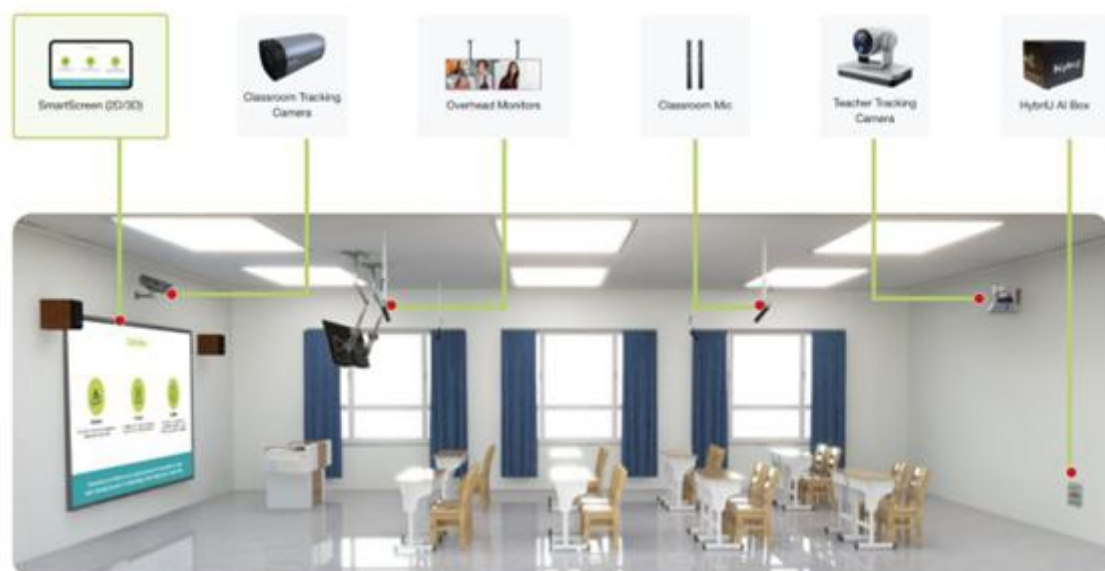
To transform how the world learns, connects and collaborates—by merging the physical and digital into one seamless, intelligent experience.

HybriU envisions a borderless world where education, business, and events transcend distance, time zones and language. Powered by AI and driven by purpose, HybriU turns classrooms, boardrooms and global stages into immersive phygital (physical + digital) environments where people truly connect.

### *HybriU Education*

### **Transforming Schools, Colleges and Training Centers with Immersive, Synchronized Phygital Experiences**

HybriU Education is an AI + 3D hardware and software solution that seamlessly integrates digital and physical classrooms, enhancing teaching and engagement to deliver an immersive, flexible and accessible education.





With the vision that future education should be boundless—eliminating barriers between online and offline learning, languages and regions, as well as academia and industry—HybriU Education brings this vision to life. As the first fully synchronized phygital solution, HybriU seamlessly integrates innovative AI, lecture capture, connectivity, immersive technologies and a comprehensive video server and management platform to revolutionize education.

### **Innovative AI**

**For Students:** HybriU AI transforms the learning experience by enabling students to focus on understanding rather than merely transcribing what teachers say. With AI-powered automation, lecture transcripts are instantly captured and pushed directly to students' personal notes, allowing them to:

- Eliminate Manual Note-Taking – No need to write down everything a teacher says; AI-generated transcripts ensure students never miss important information.
- Make Annotations & Write Real Thoughts – Students can highlight, annotate and add personal insights to deepen their learning experience.
- AI-Embedded in Notes – AI acts as a built-in tutor, answering students' questions in real-time based on lecture content and previous materials.

HybriU makes learning more accessible by supporting multiple languages so students can fully engage in class without language being a barrier. Whether participating in live discussions or reviewing recorded lessons, students can interact and take notes in their preferred language, making learning more natural and personalized. By allowing everyone to learn in the language they're most comfortable with, HybriU creates a more inclusive and supportive classroom experience for all.

**For Teachers:** HybriU AI empowers teachers with real-time insights into student learning through advanced data analysis. By continuously tracking students' questions, annotations and engagement patterns, AI identifies areas of difficulty and interest, allowing educators to make informed, data-driven decisions. With this real-time feedback, teachers can dynamically adjust their pacing, emphasize critical topics and tailor content delivery to match student comprehension levels. By seamlessly integrating these insights into the classroom, HybriU AI makes adaptive teaching a reality, ensuring a more responsive, engaging and effective learning experience for all students:

- **Big Data-Driven Student Insights** – AI analyzes students' questions, annotations and engagement patterns to identify areas of confusion or interest.
- **Adaptive Teaching Adjustments** – Teachers receive real-time feedback on student understanding, enabling them to adjust their teaching cadence and focus on key topics.
- **Enhanced Student Engagement** – AI fosters a more interactive and responsive educational experience by bridging the gap between students' learning needs and teachers' instructional methods.

**For Lecture Capture and Sharing:** HybriU ensures that online and offline students never miss a moment of learning by automatically capturing and organizing lectures. Whether attending live or reviewing later, students can access transcripts, recordings and key insights anytime. With easy content sharing, teachers can distribute materials instantly, and students can collaborate effortlessly, making learning more flexible, interactive and engaging:

- **AI-Powered Focus Tracking:** The system uses sophisticated algorithms to continuously track the teacher's movements and focal points during lectures. This ensures that the camera always captures the most relevant interactions and demonstrations, making the learning experience akin to being physically present in the classroom.
- **Automatic Content Adjustment:** AI intelligently adjusts the presentation of digital content based on the context of the lecture and student interactions. This dynamic adjustment helps in maintaining student engagement and ensures that all participants, regardless of their physical or virtual presence, receive a tailored educational experience.

### **Comprehensive Lecture Capture System**

The lecture capture system in HybriU is not merely a recording tool but a robust platform designed to enrich both synchronous and asynchronous learning environments:

- **Comprehensive Content Capture:** The system captures every aspect of the lecture, including audio, video, digital whiteboard interactions and real-time student responses. This thorough capture feature ensures that no critical information is lost, making the recorded sessions as valuable as live classes.



- **Integrated Classroom Interaction:** HybriU's system is designed to integrate seamlessly with classroom dynamics, capturing both teacher and student interactions. This feature is crucial for maintaining the natural flow of the classroom, making remote or later viewing sessions more interactive and engaging.

- **AI Intelligent Layout Switching: Optimized Viewing for Lecture Capture and Online Learning**

HybriU's AI-powered Intelligent Layout Switching dynamically adjusts camera views based on the teacher's movements and classroom activities, ensuring online students always have the best possible perspective. The system seamlessly tracks the teacher, automatically switching between different layouts for optimal engagement. When the teacher is presenting using instructional materials, the patented O-screen design ensures clear visibility of both the instructor and the content. If the teacher turns to write on a whiteboard or is not using teaching materials, the system transitions to a full-screen video view. When the teacher moves out of the camera's range, only the teaching materials are displayed. This AI-driven functionality enhances the online learning experience by maintaining clarity, focus and engagement throughout the lesson.

- **Asynchronous Learning Enhancement:** With AI-powered multi-modal lecture capture, HybriU creates rich, asynchronous learning content that students can access at their convenience. This capability is particularly beneficial for students in different time zones or those who need to revisit complex lessons.

### Connectivity Technology

HybriU's connectivity technology is engineered to facilitate a seamless educational experience across multiple locations, supporting an integrated approach to both local and remote learning environments. Key features include:

- **Multi-Site Synchronization:** The system supports synchronized educational delivery across various geographical locations, enabling students at different campuses or remote settings to participate in the same lectures and interactive sessions in real time.



- **Interactive Education Capabilities:** HybriU promotes interactive learning by allowing students and educators to engage through real-time feedback and collaborative tools, regardless of their physical location. This is particularly beneficial for group projects, peer reviews and community learning sessions.
- **Remote Students:** The technology ensures that remote students receive the same quality of instruction as those who are on-site. This integration is critical for institutions that aim to offer equitable education opportunities to all students.
- **Bring Industry Lab to Classroom:** HybriU breaks down the boundaries between academia and industry, bringing industry labs to life within university classrooms. Immersive teaching tools like the 3D LED walls further enhance this feature, providing a dynamic and engaging learning environment.

## Laboratories and outdoor classrooms

Breaking down the boundaries between academia and industry. It allows industry labs to come alive in university classrooms.



## **Immersive Technology**

The immersive technology component of HybriU uses state-of-the-art tools to create an engaging and interactive learning environment. It enhances the educational experience by employing the following methods:

- **Innovative 3D Mobile Teaching Cart**

The 3D mobile teaching cart supports the life-sized 3D projections. By capturing, storing, transforming and displaying these full-scale signals, a projection of a professor in a remote classroom can be projected remotely to learners in remote locations using the 3D LED wall.



- **Life-sized 3D Projections**

One of the standout features of HybriU's immersive technology is its ability to broadcast life-sized 3D projections of instructors in remote classrooms. This is facilitated through advanced 3D capture and display technologies through our 3D mobile teaching cart, including 3D LED walls, which create a realistic presence of the instructor, enhancing the remote learning experience and making it feel as though the instructor is physically present in the room.



## **Comprehensive Management Platform**

HybriU's video server and management platform stands as a comprehensive tool designed to streamline administrative and educational processes. It incorporates a range of functionalities that enhance operational efficiency and educational outcomes:

- **Centralized Teaching Evaluation Platform:** The platform provides a centralized dashboard for education administrators to assign experienced teachers to remotely observe and evaluate new teachers in a virtual classroom, eliminating the need for a physical presence.
- **AI Data Analytics for Strategic Insights:** The platform collects and analyzes data from various interactions and educational activities to offer strategic insights that help institutions optimize their resources, improve educational content and tailor their teaching methods to student needs.

HybriU Education Solution is not just a technological innovation but a comprehensive approach to reimagining education. It is tailored to empower future education, making it more accessible, interactive and efficient for learners, educators and educational institutions worldwide.









### **AI-Powered Engagement & Automation**

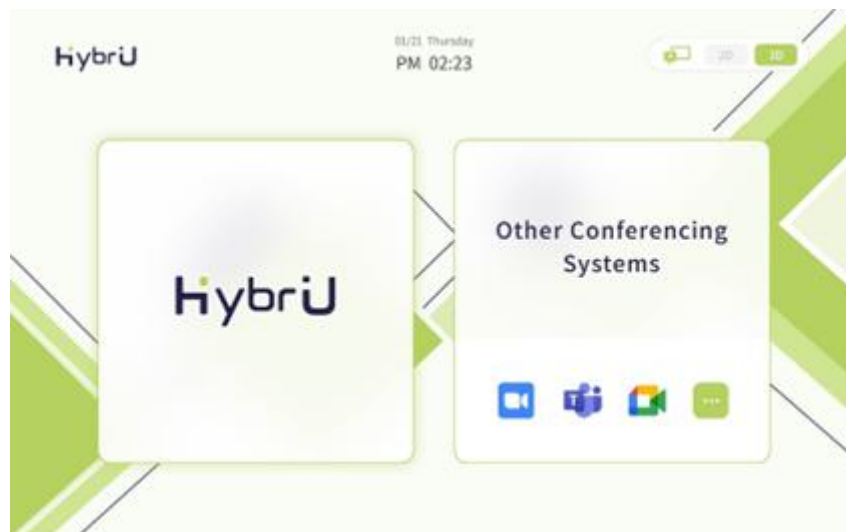
Real-time transcription, smart meeting minutes and automated summaries improve efficiency and knowledge retention.

AI-powered sentiment analysis and intelligent meeting insights enhance decision-making and participation.

### **Next-Gen Hybrid Conference & Training Room Experience**

Multi-camera intelligent tracking automatically switches views based on speaker dynamics.

Virtual camera fusion enhances the meeting experience across Microsoft Teams, Zoom, Webex and other platforms.



### **Corporate Knowledge Library**

AI-powered data capture organizes meeting notes, action items and training content into a searchable, accessible archive.

Ensures corporate knowledge is retained, organized and easily retrievable for future use.

### **Multi-Language Support & Real-Time Translation**

Live transcription and translation break language barriers and enable seamless global collaboration.

Supports dozens of languages for enhanced accessibility and engagement across international teams.



## **Scalable & Customizable Solutions**

Tailored to organizations of all sizes—from small team huddles to large enterprise conferences.

Flexible integration with existing enterprise communication systems and customizable features to meet specific business needs.

## **Future-Proof & Plug-and-Play Integration**

Easy setup with existing conferencing platforms (Microsoft Teams, Zoom, Webex, Slack, etc.).

Designed to evolve with future technologies, ensuring a long-term, adaptable conferencing solution.

Executive Board Meetings – Enhance strategic discussions with AI-powered insights, automated note-taking and seamless hybrid collaboration.

Global Team Collaboration – Break geographical barriers with real-time AI assistance, language translation and immersive engagement tools.

Product Launch & Training – Showcase products and train employees with phygital experiences that blend physical and virtual interactions.

Investor & Stakeholder Engagement – Deliver high-impact presentations with AI-driven analytics, interactive data visualization and real-time Q&A.

Hybrid Events & Conferences – Host large-scale events that combine physical venues with virtual participation, maximizing audience engagement and accessibility.

## **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 the product and service website [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 the 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.

## Sales and Marketing

HybriU is strategically positioned for wide-scale adoption across both major U.S. and international markets, with a strong focus on the phygital (physical + digital) learning and corporate conferencing sectors. Our target segments include elite universities aiming to extend their course offerings to global audit students, smaller colleges seeking to boost enrollment by attracting out-of-state and international learners, and corporations pursuing more immersive, AI-enhanced hybrid communication and collaboration solutions.

To accelerate market penetration and scalability, HybriU will be deployed through a network of strategic partners and value-added resellers (VARs). This channel-based approach allows us to efficiently expand our reach efficiently while leveraging local market expertise. Simultaneously, we are focused on standardizing the HybriU product offering to ensure consistent quality and seamless integration across diverse environments. Brand development will remain a priority as we work to establish HybriU as a trusted, recognized name in hybrid learning and collaboration globally.

To build awareness and adoption of the HybriU brand in a highly fragmented education and conferencing market, we employ a selective and systematic marketing approach. Our objective is to develop a strong, unified corporate identity across global markets while customizing campaigns to fit regional needs. Key marketing initiatives include:

- Enhancing digital visibility through search engine optimization (SEO) on major platforms such as Google;
- Engaging users through social media and influencer partnerships to drive awareness, trust and engagement;
- Offering free trials and interactive demos via our website and live promotional events to attract and convert potential users;
- Hosting industry summits and participating in major education conferences to showcase HybriU as a leading-edge solution and thought leader in hybrid learning and collaboration; and,
- Sponsoring charitable initiatives and educational forums to strengthen our brand reputation and corporate social responsibility presence.

## 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 differentiates itself from conventional platforms such as Zoom, Google Meet and Microsoft Teams by offering a fully integrated AI-powered software and hardware solution that goes beyond basic video communication. Unlike other platforms, HybriU facilitates seamless, real-time interaction between in-person and remote participants—students and educators alike—within a unified classroom environment. This deep integration enables remote learners to actively engage in live discussions, participate in group activities and receive instant feedback alongside their on-campus peers.

By bridging the gap between physical and virtual learning environments, HybriU delivers a truly immersive and inclusive educational experience—promoting equal participation regardless of location. We believe this transformative approach is redefining the educational landscape, delivering a cohesive, adaptive and interactive hybrid classroom model that meets the evolving needs of today’s educators and students.

However, we operate in a highly competitive and rapidly evolving industry. Some of our current and potential competitors may possess significantly greater financial, technical and operational resources, allowing them to invest more heavily in the development, marketing and distribution of their products and services. These organizations may also be able to respond more quickly to shifting market demands, evolving student preferences or emerging technologies.

Moreover, continued advances in internet and digital technologies have lowered the barriers to entry in the education and professional training markets. Smaller and more agile companies are increasingly able to launch and scale digital learning solutions with minimal capital investment, reaching broad audiences via online platforms. This increasing accessibility intensifies competition across all segments we target, requiring continuous innovation and strategic execution to maintain market relevance and growth.

### **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.”

### **Facilities**

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.

### **Legal Proceedings**

In July 2024, NewSchool of Architecture & Design, LLC (“NewSchool”), a subsidiary of the Group, had a disagreement with Art Block Investors, LLC, BroArt, LLC, Art Block MF, LLC, PREF Art Block, LLC (the “Landlord”), regarding the campus lease, which is currently in litigation.

The litigation matters comprise the following two lawsuits.

Filed on July 15, 2024, by Art Block Investors, LLC et al., in the San Diego Superior Court (the “Court”), this unlawful detainer action seeks possession of premises occupied by NewSchool and recovery of \$2,255,984.44 in past rent and common area maintenance (CAM) fees.

Following trial, the Court issued a Proposed Statement of Decision awarding the plaintiffs possession and damages, with attorney’s fees and costs (estimated \$80,000–\$100,000) to be determined. NewSchool has objected, but judgment is expected within 30 days, followed by a motion for fees.

Filed on September 6, 2024, in the San Diego Superior Court, Art Block Investors, LLC et al. alleges breach of contract and guaranty against NewSchool and Ambow Education Holdings Ltd., seeking \$4,466,247.80, potentially offset by amounts recovered in the first lawsuit.

We, as defendants, have answered and are contesting the claims; no pretrial or trial dates have been set. The Company continues to evaluate these matters. The ultimate resolution of the proceedings may have a material adverse impact on our business, financial condition, results of operations or cash flows. Failure to settle the proceedings or other unfavorable outcomes in these proceedings could result in significant damages, additional penalties or other remedies imposed against the Company. Litigation of this kind could result in substantial costs and a diversion of our management's attention and resources. It could also result in our reputation being harmed and our stock price could decline as a result of allegations made in the course of the proceedings, regardless of the truthfulness of the allegations.

Saved as disclosed above, as of December 31, 2024, 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, material changes 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.

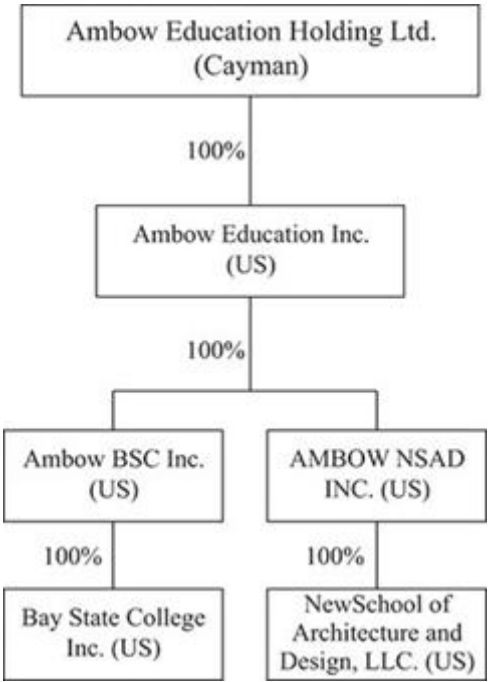
#### Insurance

We maintain property insurance to cover potential damages to a portion of our property. In addition, we provide medical, unemployment and other insurance to our employees in compliance with applicable laws, rules and regulations. We maintain insurance policies covering losses relating to our systems and have business interruption insurance.



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 during 2024, and as of the date of this annual report.



(1) Ambow BSC Inc. and Bay State College Inc. were dissolved in 2024.

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

## **D. Property, Plant and Equipment**

See “Item 4.B. Information on the Company-Business Overview-Facilities.”

### **Item 4A Unresolved Staff Comments**

None.

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

The following discussion and analysis of the 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 2022 results of operations. Our financial statements as of and for the year ended December 31, 2022 can be found under Item 5A in our Annual Report on Form 20-F for the fiscal year ended December 31, 2022, filed on April 27, 2023, and is available for review at [www.sec.gov](http://www.sec.gov).

## **A. Operating Results**

### **Overview**

Our current mission is to shape the future of learning, collaboration and communication through innovative, AI-powered Phygital solutions that seamlessly connect the physical and digital worlds. At the core of this mission is HybriU—a cutting-edge platform that transforms education, corporate conferencing and live events by delivering immersive, intelligent and real-time experiences across industries.

Designed to bridge the gap between in-person and remote interaction, HybriU enables AI-driven automation, deep engagement and seamless collaboration. With HybriU, Ambow is redefining how people connect, learn and grow-empowering greater access, equity and innovation in education and beyond.

Our net revenues increased from \$9.2 million in 2023 to \$9.4 million in 2024. The increase from 2023 to 2024 was primarily driven by revenue growth from the launch of HybriU, while partially offset by the closure of Bay State College.

Our net income improved significantly to \$0.3 million in 2024 compared to a net loss of \$3.2 million in 2023.

## Factors affecting our results of operations

While our business is influenced by factors affecting the education and other 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, general and administrative expenses and research and development expenses.

## Effects of disposals and other strategic plans

There were no other material acquisitions and disposals during the years 2023 and 2024, with the exception of the permanent closure of Bay State College, which was finalized on August 31, 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, both in absolute amounts and as a percentage of net revenues, for the periods indicated.

	For the Years Ended December 31,			
	2023		2024	
	\$	%	\$	%
	(in thousands, except percentages)			
Net revenues	9,163	100.0	9,392	100.0
Cost of revenues	(6,669)	(72.8)	(4,405)	(46.9)
Gross Profit	2,494	27.2	4,987	53.1

## Net revenues

In 2023 and 2024, we generated net revenues of \$9.2 million and \$9.4 million, respectively. The increase in revenue was driven by revenue growth from the launch of HybriU, while partially offset by the closure of Bay State College.

Ambow is providing career-focused higher education services for undergraduate students through NewSchool of Architecture & Design in San Diego and licensing its new product, HybriU, in the international market.

## 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 27.2% and 53.1% in 2023 and 2024, respectively. The increase in gross profit margin from 2023 to 2024 was primarily attributable to an increase in the revenues from HybriU.

## Operating expenses

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

	For the Years Ended December 31,			
	2023		2024	
	\$	%	\$	%
	(in thousands, except percentages)			
Net revenues	9,163	100.0	9,392	100.0
Operating expenses:				
Selling and marketing	(1,051)	(11.5)	(1,013)	(10.8)
General and administrative	(5,264)	(57.4)	(4,258)	(45.3)
Research and development	(484)	(5.3)	(438)	(4.7)
Total operating expenses	(6,799)	(74.2)	(5,709)	(60.8)

*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 2023 to 2024 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 decreased from \$5.3 million in 2023 to \$4.3 million in 2024, which was mainly driven by reduced payroll expenses following the closure of Bay State College.

*Research and development.* Our research and development consisted of personnel-related expenses directly associated with our research and development department and allocated overhead. Our research and development expenses remained relatively stable from 2023 to 2024, with minimal changes.

## 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 policies and 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 certain accounting policies as critical accounting policies as they require management's highest degree of judgment, estimates and assumptions, including: 1) revenue recognition; 2) accounts receivables, net; 3) Intangible assets; 4) income tax; 5) lease. See Note 3—Summary of Significant Accounting Policies to our consolidated financial statements for the disclosure of these accounting policies.

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. We consider an accounting estimate to be critical if: (i) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (ii) changes in the estimate that are reasonably likely to occur from period to period or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations. We consider our critical accounting estimates to include (i) *allowance for credit losses*; (ii) *impairment of long-lived assets*, and (iii) *valuation allowance for deferred tax assets as follows*:

### *Allowance for credit losses*

Our accounts receivable and long-term receivables included in other non-current assets are within the scope of ASC 326. For accounts receivable, we estimate the loss rate based on historical experience, the age of the receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. For other receivables, we review other receivables on a periodic basis and makes allowance on an individual basis when there is doubt as to the collectability. Other receivables are written off after all collection efforts have been exhausted. The facts and circumstances of each account may require us to use substantial judgment in assessing its collectability. When facts subsequently become available to indicate that the allowance provided requires an adjustment, a corresponding adjustment is made to the allowance account as a change in estimate.

### *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. Fair value is estimated based on various valuation techniques, including the discounted value of estimated future cash flows. The evaluation impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated.

### *Allowance for deferred tax assets*

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. We follow FASB ASC Topic 740, “Income Taxes,” which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates, applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Changes to the estimates for the tax consequences in future years can significantly affect the valuation allowance for deferred tax assets.

### *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

**For the Years Ended  
December 31,**

**2023                      2024**

**\$                              \$**

**(in thousands)**

### Consolidated Statement of Operations Data:

#### NET REVENUES:

Total net revenues	9,163	9,392
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#### COST OF REVENUES:

Total cost of revenues	(6,669)	(4,405)
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#### GROSS PROFIT

	2,494	4,987
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#### Operating expenses:

Selling and marketing	(1,051)	(1,013)
-----------------------	---------	---------

General and administrative	(5,264)	(4,258)
----------------------------	---------	---------

Research and development	(484)	(438)
--------------------------	-------	-------

Total operating expenses	(6,799)	(5,709)
--------------------------	---------	---------

#### OPERATING LOSS

	(4,305)	(722)
--	---------	-------

#### OTHER INCOME, NET

	1,144	192
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#### LOSS BEFORE INCOME TAX AND NON-CONTROLLING INTERESTS

	(3,161)	(530)
--	---------	-------

#### Income tax (expense) benefit

	(14)	839
--	------	-----

#### NET (LOSS) INCOME

	(3,175)	309
--	---------	-----

Less: Net (loss) income attributable to noncontrolling interests	—	—
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#### NET (LOSS) INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

	(3,175)	309
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### *Year ended December 31, 2023 compared with the year ended December 31, 2024*

*Net revenues.* Our net revenues increased by 2.2% from \$9.2 million in 2023 to \$9.4 million in 2024. The increase was primarily driven by revenue growth from the launch of HybriU, while partially offset by the closure of Bay State College.

*Cost of revenues.* Our cost of revenues decreased by 34.3% from \$6.7 million in 2023 to \$4.4 million in 2024. The decrease was primarily due to the closure of Bay State College.

*Gross profit.* Gross profit as a percentage of our net revenues increased from 27.2% in 2023 to 53.2% in 2024. The increase in gross profit was mainly attributable to an increase in the net revenues from HybriU and a reduction in payroll expenses and teaching costs upon the closure of Bay State College.



*Operating expenses.* Our total operating expenses decreased by 16.2% from \$6.8 million in 2023 to \$5.7 million in 2024. This decrease was mainly due to reduced payroll expenses following the closure of Bay State College.

- *Selling and marketing expenses.* Our selling and marketing expenses remained stable with minimal changes, decreasing slightly from \$1.1 million in 2023 to \$1.0 million in 2024.
- *General and administrative expenses.* Our general and administrative expenses decreased by 18.9% from \$5.3 million in 2023 to \$4.3 million in 2024. The decrease in 2024 was mainly due to the closure of Bay State College.
- *Research and development expenses.* Our research and development expenses remained relatively stable from 2023 to 2024, with minimal changes.

*Other income, net.* We recorded other net income of \$0.2 million in 2024, compared to other net income of \$1.1 million in 2023. The decrease was mainly due to the \$1.4 million gain on consideration received from sales of curriculum in 2023.

*Net (loss)/income.* In accordance with the above-mentioned factors, our net (loss)/income changed from \$3.2 million loss in 2023 to \$0.3 million income in 2024.

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

As of December 31, 2024, our consolidated current assets exceeded our consolidated current liabilities by \$4.8 million. Our consolidated net assets were \$6.7 million as of December 31, 2024.

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

	For the Years Ended December 31,	
	2023	2024
	\$	\$
	(in thousands)	
Net cash (used in) provided by operating activities	(290)	1,635
Net cash used in investing activities	—	(2,010)
Net cash provided by (used in) financing activities	2,803	(1,239)
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(128)	—
Net change in cash, cash equivalents and restricted cash	2,385	(1,614)
Cash, cash equivalents and restricted cash at the beginning of the year	7,670	10,055
Cash, cash equivalents and restricted cash at the end of the year	10,055	8,441

### *Operating activities*

Net cash used in operating activities amounted to \$0.3 million in the year ended December 31, 2023, compared with net cash provided by operating activities amounted to \$1.6 million in the year ended December 31, 2024.

Net cash used in operating activities in the year ended December 31, 2023 was primarily attributable to a 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, an increase in prepaid and other current assets of \$6.0 million and bad debt provision of \$0.4 million.

Net cash provided by operating activities in the year ended December 31, 2024 was primarily attributable to net income of \$0.3 million, amortization of operating lease right of use asset of \$2.2 million and a decrease in other non-current assets of \$1.7 million. These were partially offset by a decrease in operating lease liabilities of \$0.7 million, a decrease in accounts receivable of \$0.2 million, a decrease in accrued and other liabilities of \$0.4 million, a decrease in accounts payable of \$0.6 million, a decrease in income taxes payable of \$0.5 million, a decrease in bad debt provision of \$0.1 million and an increase in prepaid and other current assets of \$0.06 million.

### *Investing activities*

Net cash used in investing activities was nil for the year ended December 31, 2023, compared with net cash used in investing activities of \$2.0 million for the year ended December 31, 2024.

### *Financing activities*

Our financing activities consist primarily of proceeds from minority shareholder capital injections and short-term borrowings. Net cash provided by financing activities was \$2.8 million in the year ended December 31, 2023, compared with net cash used in financing activities of \$1.2 million in the year ended December 31, 2024.

Net cash provided by financing activities 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 used in financing activities for the year ended December 31, 2024 was mainly attributable to \$1.2 million in proceeds from short-term borrowing, partially offset by \$2.4 million in repayments of short-term borrowing.

## Short-term borrowings

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

	As of December 31,		
	Maturities	2023	2024
		\$	\$
	(In thousands)		
Short-term bank borrowing from East West Bank	January 2024	2,439	—
Short-term bank borrowing from Cathay Bank	December 2025	—	1,200
Short-term bank borrowing from Cathay Bank	October 2025	1,500	1,500

The weighted average interest rate of the borrowings outstanding was 4.40% and 6.16% per annum as of December 31, 2023 and 2024. The fair values of the borrowings approximate their carrying amounts. The weighted average borrowings for the years ended December 31, 2023 and 2024 were \$2.7 million and \$2.7 million, respectively.

The borrowings incurred interest expenses were \$0.2 million and \$0.2 million for the years ended December 31, 2023 and 2024. There was not capitalization as additions to construction in progress for each of two years ended December 31, 2024.

## Capital expenditures

Our capital expenditures were nil and \$1.2 million in the fiscal years ended December 31, 2023 and 2024, respectively. These capital expenditures were incurred primarily for investments in equipment.

## 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 Notes 3(x) 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, 2024, we employed eleven full-time and part-time software and educational professionals. In 2023 and 2024, we spent \$0.5 and \$0.4 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, 2024 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, 2023 and 2024.

## 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, 2024.

	Payments Due by Period			
	Total	2025-2026	2027-2028	Thereafter
		(in millions)		
Operating lease obligations	\$ 6.2	6.1	0.1	—

## G. Safe Harbor

See “Forward-Looking Statement.”

## 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, 2024.

Name	Age	Position	Class	Nationality	Residence
Jin Huang	59	President, Chief Executive Officer, Acting Chief Financial Officer and Chairman of the Board	Class III	United States	China
Chiao-Ling Hsu	56	Chief Operating Officer and President of NewSchool of Architecture & Design	N/A	Taiwan	China
Yanhui Ma <sup>(1)(2)</sup>	65	Director	Class III	United States	United States
Yigong Justin Chen <sup>(1)</sup>	55	Director	Class I	China	China
Mingjun Wang <sup>(1)(2)</sup>	63	Director	Class II	China	China

<sup>(1)</sup> Member of the audit committee

<sup>(2)</sup> 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 has 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 the 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 was also 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 previously served as Vice Chairman of the Society. He also served as the Vice President of the 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 of 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., 10080 N. Wolfe Rd, Suite SW3-200, 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 2024, the aggregate cash compensation that we paid to our executive officers as a group was \$0.4 million, which includes bonuses, salaries and other benefits that were earned in 2023 and paid in 2024.

There were no share-based compensation expenses for the share options during the years from 2022 to 2024. As of December 31, 2023 and 2024, all share options were vested.

On November 22, 2018, the Board of Directors approved the grant of 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 2023 and 2024, nil and nil shares of restricted stock were vested, respectively.

On June 30, 2022, the Board of Directors approved the grant of 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 of 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 are 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 that 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.

## 2024 Equity Incentive Plan

On December 20, 2024, we adopted the Company's 2024 Equity Incentive Plan (the "Plan"), which became effective upon the approval of the shareholders at the Annual Meeting of Shareholders on December 20, 2024.

The 2024 Plan is a comprehensive incentive compensation plan under which we can grant equity-based and other incentive awards to our officers, employees, directors, consultants and advisers. The purpose of the Plan is to help us attract, motivate and retain such persons with awards under the Plan and thereby enhance shareholder value.

*Administration.* The Plan is administered by the Board, and upon consummation of this offering will be administered by the compensation committee of the Board, which shall consist of three members of the Board, each of whom is a "non-employee director" within the meaning of Rule 16b-3 promulgated under the Exchange Act and "independent" for purposes of any applicable listing requirements. If a member of the compensation committee is eligible to receive an award under the Plan, such compensation committee member shall have no authority under the plan with respect to his or her own award. Among other things, the compensation committee has complete discretion, subject to the express limits of the Plan, to determine the directors, employees and nonemployee consultants to be granted an award, the type of award to be granted the terms and conditions of the award, the form of payment to be made and/or the number of shares of common stock subject to each award, the exercise price of each option and base price of each stock appreciation right ("SAR"), the term of each award, the vesting schedule for an award, whether to accelerate vesting, the value of the common stock underlying the award, and the required withholding, if any. The compensation committee may amend, modify or terminate any outstanding award, provided that the participant's consent to such action is required if the action would impair the participant's rights or entitlements with respect to that award. The compensation committee is also authorized to construe the award agreements, and may prescribe rules relating to the Plan. Notwithstanding the foregoing, the compensation committee does not have any authority to grant or modify an award under the Plan with terms or conditions that would cause the grant, vesting or exercise thereof to be considered nonqualified "deferred compensation" subject to Code Section 409A, unless such award is structured to be exempt from or comply with all requirements of Code Section 409A.

*Grant of Awards; Shares Available for Awards.* The Plan provides for the grant of stock options, SARs, performance share awards, performance unit awards, distribution equivalent right awards, restricted stock awards, restricted stock unit awards and unrestricted stock awards to non-employee directors, officers, employees and nonemployee consultants of Ambow Education Holding Ltd. or its affiliates. The maximum aggregate number of Shares that may be awarded and sold under the Plan is 6,500,000 ordinary shares. The number of ordinary shares available for issuance under the Plan shall automatically increase on the first trading day of January each calendar year during the term of the Plan, beginning with the calendar year 2025, resulting in the aggregate number of ordinary shares available under this Plan equaling fifteen percent (15%) of the total number of ordinary shares outstanding on the last trading day in December of the immediately preceding calendar year minus the total number of reserved and available shares under the Company's 2005 Plan and 2010 Plan. No more than 6,500,000 shares of common stock in the aggregate may be issued under the Plan in connection with incentive stock options. Shares shall be deemed to have been issued under the Plan solely to the extent actually issued and delivered pursuant to an award. If any award granted under the Plan expires, is canceled, or terminates unexercised or is forfeited, the number of shares subject thereto is again available for grant under the Plan. The Plan shall continue in effect, unless sooner terminated, until the tenth (10<sup>th</sup>) anniversary of the date on which it is adopted by the Board of Directors. The Board of Directors in its discretion may terminate the Plan at any time with respect to any shares for which awards have not theretofore been granted; provided, however, that the Plan's termination shall not materially and adversely impair the rights of a holder, without the consent of the holder, with respect to any award previously granted.

*Automatic Share Reserve Increase.* The number of Shares available for issuance under the Plan will be increased on the closing day of each future Registration (including closing of over-allotment options) during the next



two fiscal years ending December 31, 2026, in an amount equal to fifteen percent (15%) of the Shares offered in each Registration.

Future new hires and additional non-employee directors and/or consultants would be eligible to participate in the Plan as well. The number of stock options and/or shares of restricted stock to be granted to executives and directors cannot be determined at this time as the grant of stock options and/or shares of restricted stock is dependent upon various factors such as hiring requirements and job performance.

*Stock Options.* The Plan provides for either “incentive stock options” (“ISOs”), which are intended to meet the requirements for special federal income tax treatment under Section 422 of the Code, or “nonqualified stock options” (“NSOs”). Stock options may be granted on such terms and conditions as the compensation committee may determine, which shall be specified in the option agreement; provided, however, that the per share exercise price under a stock option may not be less than the fair market value of a share of common stock on the date of grant and the term of the stock option may not exceed 10 years (110% of such value and five years in the case of an ISO granted to an employee who owns (or is deemed to own) more than 10% of the total combined voting power of all classes of capital stock of our Company or a parent or subsidiary of our Company). ISOs may only be granted to employees. In addition, the aggregate fair market value of common stock covered by one or more ISOs (determined at the time of grant), which are exercisable for the first time by an employee during any calendar year may not exceed \$100,000. Any excess is treated as an NSO.

*Stock Appreciation Rights.* A SAR entitles the participant, upon exercise, to receive an amount, in cash or stock or a combination thereof, equal to the increase in the fair market value of the underlying common stock between the date of grant and the date of exercise. The compensation committee shall set forth in the applicable SAR award agreement the terms and conditions of the SAR, including the base value for the SAR (which shall not be less than the fair market value of a share on the date of grant), the number of shares subject to the SAR and the period during which the SAR may be exercised and any other special rules and/or requirements which the compensation committee imposes on the SAR. No SAR shall be exercisable after the expiration of ten (10) years from the date of grant. SARs may be granted in tandem with, or independently of, stock options granted under the Plan. A SAR granted in tandem with a stock option (i) is exercisable only at such times, and to the extent, that the related stock option is exercisable in accordance with the procedure for exercise of the related stock option; (ii) terminates upon termination or exercise of the related stock option (likewise, the common stock option granted in tandem with a SAR terminates upon exercise of the SAR); (iii) is transferable only with the related stock option; and (iv) if the related stock option is an ISO, may be exercised only when the value of the stock subject to the stock option exceeds the exercise price of the stock option. A SAR that is not granted in tandem with a stock option is exercisable at such times as the compensation committee may specify.

*Performance Shares and Performance Unit Awards.* Performance share and performance unit awards entitle the participant to receive cash or shares of common stock upon the attainment of specified performance goals. In the case of performance units, the right to acquire the units is denominated in cash values. The compensation committee shall set forth in the applicable award agreement the performance goals and objectives and the period of time to which such goals and objectives shall apply. If such goals and objectives are achieved, such distribution of shares, or payment in cash, as the case may be, shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the Company's fiscal year to which such performance goals and objectives relate, unless otherwise structured to comply with Code Section 409A.

*Distribution Equivalent Right Awards.* A distribution equivalent right award entitles the participant to receive bookkeeping credits, cash payments and/or common stock distributions equal in amount to the distributions that would have been made to the participant had the participant held a specified number of shares of common stock during the period the participant held the distribution equivalent right. A distribution equivalent right may be awarded as a component of another award (but not an option or SAR award) under the Plan, where, if so awarded, such distribution equivalent right will expire or be forfeited by the participant under the same conditions as under such other award. The compensation committee shall set forth in the applicable distribution equivalent rights award agreement the terms and conditions, if any, including whether the holder is to receive credits currently in cash, is to have such credits reinvested (at fair market value determined as of the date of reinvestment) in additional ordinary shares, or is to be entitled to choose among such alternatives.

*Restricted Stock Awards.* A restricted stock award is a grant or sale of common stock to the holder, subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the compensation committee or the Board of Directors may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the compensation committee or the Board of Directors may determine at the date of grant or purchase or thereafter. If provided for under the restricted stock award agreement, a participant who is granted or has purchased restricted stock shall have all of the rights of a shareholder, including the right to vote the restricted stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the compensation committee or the Board of Directors or in the award agreement). During the restricted period applicable to the restricted stock, subject to certain exceptions, the restricted stock may not be sold, transferred, pledged, exchanged, hypothecated, or otherwise disposed of by the participant.

*Restricted Stock Unit Awards.* A restricted stock unit award provides for a grant of shares or a cash payment to be made to the holder upon the satisfaction of predetermined individual service-related vesting requirements, based on the number of units awarded to the holder. The compensation committee shall set forth in the applicable restricted stock unit award agreement the individual service-based vesting requirements which the holder would be required to satisfy before the holder would become entitled to payment and the number of units awarded to the holder. The holder of a restricted stock unit shall be entitled to receive a cash payment equal to the fair market value of an ordinary share, or one ordinary share, as determined in the sole discretion of the compensation committee and as set forth in the restricted stock unit award agreement, for each restricted stock unit subject to such restricted stock unit award, if and to the extent the holder satisfies the applicable vesting requirements. Such payment or distribution shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the calendar year in which the restricted stock unit first becomes vested, unless otherwise structured to comply with Code Section 409A. A restricted stock unit shall not constitute an equity interest in the Company and shall not entitle the Holder to voting rights, dividends or any other rights associated with ownership of Shares prior to the time the Holder shall receive a distribution of Shares

*Unrestricted Stock Awards.* An unrestricted stock award is a grant or sale of shares of our common stock to the employees, non-employee directors or non-employee consultants that are not subject to transfer, forfeiture or other restrictions, in consideration for past services rendered to the Company or an affiliate or for other valid consideration.

*Adjustments.* The aggregate number of shares of common stock reserved and available for issuance under the Plan, the individual limitations, the number of shares of common stock covered by each outstanding award, and the price per share of common stock underlying each outstanding award will be equitably and proportionally adjusted or substituted, as determined by the compensation committee in its sole discretion, as to the number, price or kind of stock or other consideration subject to such awards in connection with stock dividends, extraordinary cash dividends, stock splits, reverse stock splits, recapitalizations, reorganizations, mergers, amalgamations, consolidations, combinations, exchanges, or other relevant changes in our capitalization affecting our common stock or our capital structure which occurs after the date of grant of any award, in connection with any extraordinary dividend declared and paid in respect of stock or in the event of any change in applicable law or circumstances that results in or could result in, as determined by the compensation committee in its sole discretion, any substantial dilution or enlargement of the rights intended to be granted to, or available for, participants in the Plan.

*Change-in-Control Provisions.* The compensation committee may, in its sole discretion, at the time an award is granted or at any time prior to, coincident with or after the time of a change in control, cause any award either (i) to be cancelled in consideration of a payment in cash or other consideration in amount per share equal to the excess, if any, of the price or implied price per share of common stock in the change in control over the per share exercise, base or purchase price of such award, which may be paid immediately or over the vesting schedule of the award; (ii) to be assumed, or new rights substituted therefore, by the surviving corporation or a parent or subsidiary of such surviving corporation following such change in control; (iii) accelerate any time periods, or waive any other conditions, relating to the vesting, exercise, payment or distribution of an award so that any award to a holder whose employment has been terminated as a result of a change in control may be vested, exercised, paid or distributed in full on or before a date fixed by the compensation committee; (iv) to be purchased from a holder whose employment has been terminated as a result of a change of control, upon the holder's request, for an amount of cash equal to the amount that could have been obtained upon the exercise, payment or distribution of such rights had such award been currently exercisable or payable; or (v) terminate any then outstanding award or make any other adjustment to the awards then outstanding as the compensation committee deems necessary or appropriate to reflect such transaction or change. The number of shares subject to any award shall be rounded to the nearest whole number.

*Amendment and Termination.* The compensation committee may adopt, amend and rescind rules relating to the administration of the Plan, and amend, suspend or terminate the Plan, but no such amendment or termination will be made that materially and adversely impairs the rights of any participant with respect to any award received thereby under the Plan without the participant's consent, other than amendments that are necessary to permit the granting of awards in compliance with applicable laws.

The following table summarizes, as of December 31, 2024, the share options and other equity awards granted to our executive officers under our equity incentive plans 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	98,566 <sup>(1)</sup>	02/25/10	11/22/18	—
Chiao-Ling Hsu	333,333 <sup>(1)</sup>	—	05/18/15	—



On June 30, 2022, the Board of Directors approved the grant of 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, 2024, 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:

Class I	Class II	Class III
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 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, 2024, we and our subsidiaries had 35 full-time employees and 128 part-time employees, respectively. As of December 31, 2024, we had the following numbers of full-time employees by cost nature: 5 in sales and marketing, 7 in general and administrative functions, 2 in research and development and 21 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 the date of this annual report, 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 the date of this annual report, the percentage of beneficial ownership for holders of Class A ordinary shares is based on 52,419,109 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.

Unless otherwise indicated, the address of such individual is c/o Ambow Education Holding Ltd., 10080 N. Wolfe RD, Suite SW3-200, Cupertino, CA 95014.

Name	Shares beneficially owned (1)						Percentage of votes held		
	Number of	Percentage of	Number of	Percentage of	Number of	Percentage of	Based on	Based on	Based on
	Class A ordinary shares	Class A Ordinary shares (%)	Class C Ordinary shares	Class C ordinary shares (%)	total ordinary shares	total ordinary shares (%)	total Class A ordinary shares (%)	total Class C ordinary shares (%)	Total Ordinary shares (%)
<b>Directors and Executive Officers:</b>									
Jin Huang (2)(5)	351,312	0.67%	4,708,415	100%	5,059,727	8.86%	0.67%	100%	47.67%
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>									
	1,138,430	2.17%	4,708,415	100%	5,846,845	10.23%	2.17%	100%	48.46%
<b>5% and Greater Shareholders</b>									
New Summit Global Limited	2,703,475	5.16%	—	—	2,703,475	4.73%	5.16%	—	2.72%
CEIHL Partners (I) Limited (3)	3,420,375	6.53%	—	—	3,420,375	5.99%	6.53%	—	3.44%
CEIHL Partners (II) Limited (3)	11,144,636	21.26%	—	—	11,144,636	19.51%	21.26%	—	11.20%
New Flourish Holdings Limited (5)(6)	770,212	1.47%	4,288,415	91.08%	5,058,627	8.85%	1.47%	91.08%	43.87%
Spin-Rich Ltd. (5)(7)	—	—	420,000	8.92%	420,000	0.74%	—	8.92%	4.22%

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.

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.

As of the date of this annual report, approximately 57,127,524 of our ordinary shares were issued and outstanding. Citibank, N.A., the depository, has advised us that, as of the date of this annual report, 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.

#### **F. Disclosure of Registrant's Action to Recover Erroneously Awarded Compensation**

Not applicable.

### **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**

Please see Note 17 of the consolidated financial statements filed as part of this annual report.

#### **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.

For more details of our related party transactions, please see Note 17 of the consolidated financial statements filed as part of this annual report .

## Stock Incentive Plans

See “Item 6.B. Directors, Senior Management and Employees-Compensation-Share Options.”

## **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

See “Item 4.B. Information on the Company-Business Overview-Legal Proceedings.”

## Dividends

Our Board of Directors has the discretion over whether to pay dividends on our ordinary shares. 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 depositary 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**

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 underlying Class A ordinary shares, and no Class A ordinary shares were issued or cancelled in connection with the change in ADS ratio. See “Item 9. The Offer and Listing—C. Markets.”

**B. Plan of Distribution**

Not applicable.

**C. Markets**

See “Item 9. The Offer and Listing—A. Offer and Listing Details.”

**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

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-



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 at 10080 N. Wolfe RD, Suite SW3-200, 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 website 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.

We will furnish Citibank, N.A., the depositary, with our annual reports, which include a review of operations and annual audited consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP" or "GAAP"), and all notices of shareholders' meeting and other reports and communications that are made generally available to our shareholders. The depositary makes such notices, reports and communications available to holders of ADSs and, upon our request, mails to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.



Our website is <https://www.ambow.com/>. We make our annual reports on Form 20-F and any amendments to such reports available free of charge on our website as soon as reasonably practicable following the electronic filing of each report with the SEC. In addition, we provide electronic or paper copies of our annual reports free of charge to our shareholders and ADS holders upon request. The information contained on our website is not part of this or any other report filed with or furnished to the SEC.

## **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, 2023 and 2024, we had \$2.7 million and \$2.7 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 2024 would have resulted in an increase of approximately \$0.02 million in our interest expense for 2024.

## **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**

On January 29, 2024, we announced the change of the ratio of our American Depositary Receipts, representing Class A ordinary shares from one ADS for two Class A ordinary shares to one ADS for twenty Class A ordinary shares. There was no change to our Class A ordinary shares or Class C ordinary shares. The effect of the ratio change on the ADS trading price on NYSE American occurred on February 20, 2024.

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

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

Service	Fees
Issuance of ADSs upon deposit of Shares	Up to U.S. \$5.00 per 100 ADS issued
Delivery of Deposited Securities against surrender of ADSs	Up to U.S. \$5.00 per 100 ADS surrendered
Distribution of cash dividends or other cash distributions	Up to U.S. \$5.00 per 100 ADS held
Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to U.S. \$5.00 per 100 ADS held
Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to U.S. \$5.00 per 100 ADS held
Depositary Services	Up to U.S. \$5.00 per 100 ADSs held on the applicable record date(s) established by the Depositary

An ADS holder you will also be responsible to pay certain fees and expenses incurred by the depositary 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.

Depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary and by the brokers (on behalf of their clients) delivering the ADSs to the depositary for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary 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, 2024, we have not received any reimbursement 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

#### A. Material Modifications to the Rights of Security Holders.

None.

#### B. 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, 2024, 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).

In accordance with reporting requirements set forth by the SEC, a “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our company’s annual or interim consolidated financial statements will not be prevented or detected on a timely basis. A “significant deficiency” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, that is less severe than a material weakness yet important enough to merit attention by those responsible for oversight of the company’s financial reporting. In the course of preparing our consolidated financial statements, we identified one significant deficiency, which was identified in June 30, 2024, related to the lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to formalize key controls over financial reporting and to prepare consolidated financial statements and related disclosures.

To remedy our identified significant deficiency and improve our internal control over financial reporting, we implemented a number of measures including but not limited to (i) establishing relevant processes that are necessary for preparing consolidated financial reports and relevant disclosure; (ii) conducting trainings for the management and relevant personnel to enable them to have a full understanding of financial reporting requirements set forth by the SEC as well as the responsibilities of listed companies; and (iii) working closely with our auditors and lawyers to seek professional advice and guidance to address the significant deficiency.

Based on this evaluation, our management has concluded that the internal control over financial reporting was effective as of December 31, 2024.

Attestation Report of the Registered Public Accounting Firm

This annual report does not include an attestation report on internal control over financial reporting from our company’s registered public accounting firm, because we, as a “non-accelerated filer” as defined under Rule 12b-2 of the Exchange Act, are not required to have an attestation report on internal control over financial reporting from our external auditors.

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 our independent registered public accounting firms for 2023 and 2024. We did not pay any other fees to our independent registered public accounting firm during the periods indicated below.

	For the years ended December 31,	
	2023	2024
	<i>Marcum</i>	<i>Prouden fe</i>
	<i>Asia fees</i>	<i>es</i>
	<i>(U.S. dollars in millions)</i>	
Audit fees	0.2	0.2

“Audit fees” means the aggregated fees billed for professional services rendered by our independent registered public accounting firms 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 Guangdong Proudén CPAs GP, 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

We changed our independent registered public accounting firm in December 2024.

(a)

The Audit Committee of the Board of Directors of the Company dismissed Marcum Asia CPAs LLP (the “Marcum Asia”) as the Company’s independent registered public accounting firm, effective December 20, 2024.

The dismissal of Marcum Asia was made after careful consideration and was approved by the Audit Committee and the Board of Directors of the Company.

Our financial statements as of and for the fiscal years ended December 31, 2022 and 2023, had previously been audited by Marcum Asia.



Marcum Asia's audit reports on the Company's consolidated financial statements as of and for the years ended December 31, 2022 and 2023 did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope, or accounting principles.

During the fiscal years ended December 31, 2022 and 2023, and during the subsequent interim period through December 20, 2024, there have been (i) no disagreements (as defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions thereto) with Marcum Asia on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Marcum Asia, would have caused Marcum Asia to make reference to the subject matter of the disagreements in connection with its reports on the consolidated financial statements for such years, and (ii) no reportable events (as defined in Item 16F(a)(1)(v) of Form 20-F).

The Company has furnished Marcum Asia with a copy of the foregoing disclosure and requested Marcum Asia to furnish it with a letter addressed to the Securities and Exchange Commission stating whether or not it agrees with the foregoing statements, and if not, stating the statements which it does not agree with. A copy of such letter from Marcum Asia is filed as Exhibit 16.1 to this Form 20-F.

(b)

The Audit Committee of the Board of Directors of the Company appointed Guangdong Proudén CPAs GP (the "Proudén") as the Company's independent registered public accounting firm, effective December 23, 2024.

Proudén succeeds Marcum Asia CPAs LLP, which previously was the independent auditor providing audit services to the Company. The appointment of Proudén was made after careful consideration and was approved by the Audit Committee and the Board of Directors of the Company on December 20, 2024.

During the Company's two most recent fiscal years ended December 31, 2023, and during the subsequent interim period prior to the engagement of Proudén on December 23, 2024, neither the Company nor anyone acting on its behalf consulted with Proudén on either (a) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company by Proudén that Proudén concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue, or (b) any matter that was the subject of a disagreement, as that term is defined in Item 16F(a)(1)(iv) of Form 20-F (and the related instructions thereto) or a reportable event as set forth in Item 16F(a)(1)(v) of Form 20-F.

## 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

We have adopted insider trading policies and procedures, governing the purchase, sale, and other dispositions of the Company's securities by directors, senior management, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and any listing standards applicable to the Company.

## 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	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)
1.3	<a href="#">License Agreement (incorporated by reference to Exhibit 99.2 of our 6-K filed with the Commission on October 7, 2024)</a>
2.1	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”))
2.2	<a href="#">Specimen Certificate for Class A Ordinary Shares (incorporated by reference to Exhibit 4.2 of the F-1 Registration Statement with the Commission on July 14, 2010)</a>
2.3	Form of Deposit Agreement among the company, the depositary 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)
2.4	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”))
2.5*	Description of Securities of the Registrant
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 with the Commission on July 14, 2010)</a>
4.2	Amended 2010 plan (incorporated by reference to Exhibit 99.1 of our 6-K filed with the Commission on November 14, 2018)
4.3	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)
4.4	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)
4.5	Licensing Agreement by and between Ambow Education Holding Ltd. and ININSPIRING FUTURES PTE. LTD., dated as of June 26, 2024 ((incorporated by reference to Exhibit 99.2 of Form 6-K filed with the Commission on October 7, 2024)
4.6	2024 Equity Incentive Plan (incorporated by reference to Exhibit 99.1 of our 6-K filed with the Commission on November 15, 2024)
8.1*	List of Subsidiaries and Consolidated Affiliated Entities
11.1	<a href="#">Code of Ethics (incorporated by reference to Exhibit 11.1 of Form 20-F filed with the Commission on April 25, 2024)</a>
11.2*	<a href="#">Insider Trading Policy</a>
12.1*	Certification by Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1*	Certification by Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2*	Certification by Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Guangdong Prouden CPAs GP*

16.1*	<a href="#">Letter of Auditor</a>
97	<a href="#">Clawback Policy (incorporated by reference to Exhibit 97 of Form 20-F filed with the Commission on April 25, 2024)</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: March 28, 2025

**AMBOW EDUCATION HOLDING LTD.**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS  
CONTENTS**

	<b>Pages</b>
Report of Independent Registered Public Accounting Firm (PCAOB ID: 7254)	F-2
Consolidated Balance Sheets as of December 31, 2023 and 2024	F-4
Consolidated Statements of Operations and Comprehensive (Loss) Income for the years ended December 31, 2022, 2023 and 2024	F-7
Consolidated Statements of Changes in Equity for the years ended December 31, 2022, 2023 and 2024	F-8
Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2023 and 2024	F-11
Notes to Consolidated Financial Statements	F-13



## **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, 2024 and 2023, 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, 2024, 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, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, 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, Note 9 and Note 16 to the financial statements, the Company performed impairment assessment on the property and equipment, intangible assets, certain other non-current asset and operating lease right-of-use assets, and except for \$657 of impairment loss recognized for intangible assets during the year ended December 31, 2022, no impairment loss recognized for property and equipment, intangible assets, other non-current asset and operating lease right-of-use assets.

The Company perform impairment assessment annually and the assessment involved a high degree of subjectivity, including assessing qualitative factors, whether events or changes in circumstances indicate that the carrying amount may not be recoverable for a long-lived asset group, and the projection of future cash flows in which the significant assumptions including revenue growth rates, operating margins and discount rate are used in calculation.

Auditing the Company's impairment assessment was complex due to the significant uncertainty of estimates and judgements involved in management's assessment of whether qualitative factors or indicators existed, and if so, forecasting the future cash flows. Future changes in the estimates and judgments could result in a significantly different estimate of the fair value of indefinite-lived intangible asset and the long-lived asset group, and could result in additional impairment.

### ***How We Addressed the Matter in Our Audit***

Our principal audit procedures included, among others:

- evaluating management's assessment as to whether indicators of impairment existed;
- testing the completeness and accuracy, and assessing the relevance of underlying data used in the future cash flows;
- testing the reasonableness of the significant assumptions, including revenue growth rates and operating margins, by comparing with historical and subsequent data. We also independently developed our unobservable inputs and compared them to the Company's results;
- involving our valuation specialists to assist in evaluating the valuation methodologies and significant inputs used by the Company in the valuation.

/s/ Guangdong Proudén CPAs GP

Guangdong Proudén CPAs GP

We have served as the Company's auditor since 2024.

Guangzhou, China

March 28, 2025

**AMBOW EDUCATION HOLDING LTD.**  
**CONSOLIDATED BALANCE SHEETS**

(All amounts in thousands, except for share and per share data)

		<b>As of December 31,</b>	
	<b>Note</b>	<b>2023</b>	<b>2024</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4	\$ 274	\$ 1,123
Restricted cash	4	9,781	7,318
Accounts receivable, net	5	2,280	2,541
Prepaid and other current assets	6	178	659
Total current assets		12,513	11,641
<b>Non-current assets:</b>			
Property and equipment, net	7	6	1,200
Intangible assets, net	8	522	512
Other non-current assets, net	9	2,629	1,296
Operating lease right-of-use asset	16	4,896	2,722
Total non-current assets		8,053	5,730
<b>Total assets</b>		<b>\$ 20,566</b>	<b>\$ 17,371</b>

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>2023</u>	<u>2024</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short-term borrowings	10	\$ 3,939	\$ 2,700
Accounts payable		1,386	749
Accrued and other liabilities	11	1,468	1,029
Income taxes payable, current		510	12
Operating lease liability, current	16	2,486	2,357
Total current liabilities		<u>9,789</u>	<u>6,847</u>
<b>Non-current liabilities:</b>			
Operating lease liability, non-current	16	4,349	3,787
Total non-current liabilities		<u>4,349</u>	<u>3,787</u>
<b>Total liabilities</b>		<u><u>\$ 14,138</u></u>	<u><u>\$ 10,634</u></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)

	<b>Note</b>	<b>As of December 31,</b>	
		<b>2023</b>	<b>2024</b>
<b>Commitments and contingencies</b>	19		
<b>EQUITY</b>			
<b>Preferred shares</b>			
(\$0.003 par value; 1,666,667 shares authorized, nil issued and outstanding as of December 31, 2023 and 2024)		—	—
<b>Class A Ordinary shares</b>			
(\$0.003 par value; 66,666,667 and 66,666,667 shares authorized; 52,419,109 and 52,419,109 shares issued and outstanding as of December 31, 2023 and 2024, respectively)	12	\$ 146	\$ 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, 2023 and 2024, respectively)	12	13	13
Additional paid-in capital		517,031	517,031
Accumulated deficit		(510,634)	(510,325)
Accumulated other comprehensive income		(128)	(128)
<b>Total equity</b>		<b>6,428</b>	<b>6,737</b>
<b>Total liabilities and equity</b>		<b>\$ 20,566</b>	<b>\$ 17,371</b>

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

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

		Years ended December 31,		
	Note	2022	2023	2024
		Note 3(b)		
<b>NET REVENUES</b>				
- Educational programs and services		\$ 14,840	\$ 9,163	\$ 7,468
- HybriU licensing		—	—	1,924
Total net revenues		14,840	9,163	9,392
<b>COST OF REVENUES</b>				
- Educational programs and services		(14,556)	(6,669)	(4,405)
<b>GROSS PROFIT</b>		284	2,494	4,987
<b>OPERATING EXPENSES</b>				
Selling and marketing		(1,487)	(1,051)	(1,013)
General and administrative		(7,628)	(5,264)	(4,258)
Research and development		—	(484)	(438)
Impairment loss		(657)	—	—
Total operating expenses		(9,772)	(6,799)	(5,709)
<b>OPERATING LOSS</b>		(9,488)	(4,305)	(722)
<b>OTHER INCOME (EXPENSE)</b>				
Interest expenses	10	(101)	(57)	(63)
Other income (expenses), net		500	(199)	255
Loss on disposal of subsidiaries		(163)	—	—
Gain on disposal of assets		—	1,400	—
Total other income, net		236	1,144	192
<b>LOSS BEFORE INCOME TAX AND NON-CONTROLLING INTERESTS</b>		(9,252)	(3,161)	(530)
Income tax (expenses) benefit		—	(14)	839
<b>LOSS FROM CONTINUING OPERATIONS</b>		(9,252)	(3,175)	309
Loss from and on sale of discontinued operations, net of income tax	18	(5,056)	—	—
<b>NET (LOSS) INCOME</b>		\$ (14,308)	\$ (3,175)	\$ 309
Less: Net loss attributable to noncontrolling interests from continuing operations		—	—	—
Less: Net loss attributable to noncontrolling interests from discontinued operations		(235)	—	—
<b>NET (LOSS) INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS FROM</b>		(9,252)	(3,175)	309

<b>CONTINUING OPERATIONS</b>				
<b>NET LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS FROM DISCONTINUED OPERATIONS</b>				
		(4,821)	—	—
<b>NET (LOSS) INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>				
		\$ (14,073)	\$ (3,175)	\$ 309
<b>OTHER COMPREHENSIVE LOSS, NET OF TAX</b>				
Foreign translation adjustments		(339)	—	—
Other comprehensive loss		(339)	—	—
<b>TOTAL COMPREHENSIVE (LOSS) INCOME</b>				
		<u>(14,647)</u>	<u>(3,175)</u>	<u>309</u>
Basic (loss) income from continuing operations per share	15	<u>\$ (0.19)</u>	<u>\$ (0.06)</u>	<u>\$ 0.0054</u>
Diluted (loss) income from continuing operations per share	15	<u>\$ (0.19)</u>	<u>\$ (0.06)</u>	<u>\$ 0.0054</u>
Basic (loss) income from continuing operations per ADS	15	<u>\$ (3.80)</u>	<u>\$ (1.20)</u>	<u>\$ 0.1080</u>
Diluted (loss) income from continuing operations per ADS	15	<u>\$ (3.80)</u>	<u>\$ (1.20)</u>	<u>\$ 0.1080</u>
Basic loss from discontinued operations per share	15	<u>\$ (0.10)</u>	<u>—</u>	<u>—</u>
Diluted loss from discontinued operations per share	15	<u>\$ (0.10)</u>	<u>—</u>	<u>—</u>
Basic loss from discontinued operations per ADS	15	<u>\$ (2.00)</u>	<u>—</u>	<u>—</u>
Diluted loss from discontinued operations per ADS	15	<u>\$ (2.00)</u>	<u>—</u>	<u>—</u>
Weighted average shares used in calculating basic net income (loss) per share		<u>49,458,266</u>	<u>56,333,003</u>	<u>57,127,524</u>
Weighted average shares used in calculating diluted net income (loss) per share		<u>49,458,266</u>	<u>56,333,003</u>	<u>57,127,524</u>
Share-based compensation expense from continuing operations included in:				
- Selling and marketing		—	—	—
- General and administrative	13	\$ 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)

<u>Attributable to Ambow Education Holding Ltd.'s Equity</u>										
	<u>Class A Ordinary shares (Note 12)</u>		<u>Class C Ordinary shares (Note 12)</u>		<u>Additio nal paid-in</u>	<u>Stat utor y</u>	<u>Accumu lated</u>	<u>Accu mulat ed other comp rehen sive</u>	<u>Non- cont rolli ng</u>	<u>Total</u>
	<u>Shares</u>	<u>Amo unt</u>	<u>Shares</u>	<u>Am oun t</u>	<u>capital</u>	<u>rese rves</u>	<u>deficit</u>	<u>incom e</u>	<u>Inte rest</u>	<u>Equity</u>
<u>Note</u>										
<b>Balance as of January 1, 2022</b>							(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>		<b>47,419,109</b>	<b>\$131</b>	<b>4,708,415</b>	<b>\$ 13</b>	<b>\$515,182</b>	<b>—</b>	<b>\$ (507,459)</b>	<b>—</b>	<b>\$ 7,867</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)

Attributable to Ambow Education Holding Ltd.'s Equity										
Note	Class A Ordinary shares (Note 12)	Amount	Class C Ordinary shares (Note 12)	Amount	Additio nal paid-in capital	Statut ory reserv es	Accumu lated deficit	Accumulate d other comprehens ive income	Non- contr ollin g Inte rest	Total Equit y
	Shares		Shares							
Balance as of January 1, 2023	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)
Balance as of December 31, 2023	<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 CHANGES IN EQUITY (CONTINUED)**  
(All amounts in thousands, except for share and per share data)

**Attributable to Ambow Education Holding Ltd.'s Equity**

	Class A		Class C		Additio	Stat	Accumu	Accu	Non	
	Ordinary shares		Ordinary shares		nal	uto	lated	mula	com	
	(Note 12)		(Note 12)		paid-in	ry		ted	preh	con
	Amo		Am		capital	rese	deficit	othe	ensiv	trol
Note	Shares	unt	Shares	ount		rves		r	inco	Inte
									me	rest
										Total
										Equit
										y
<b>Balance as of</b>										
<b>January 1, 2024</b>	<b>52,419,109</b>	<b>\$ 146</b>	<b>4,708,415</b>	<b>\$ 13</b>	<b>\$517,031</b>	<b>—</b>	<b>\$ (510,634)</b>	<b>(128)</b>	<b>—</b>	<b>\$6,428</b>
Net Income	—	—	—	—	—	—	309	—	—	309
<b>Balance as of</b>										
<b>December 31, 2024</b>	<b>52,419,109</b>	<b>\$ 146</b>	<b>4,708,415</b>	<b>\$ 13</b>	<b>\$517,031</b>	<b>—</b>	<b>\$ (510,325)</b>	<b>(128)</b>	<b>—</b>	<b>\$6,737</b>

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)

	<b>Years ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Note 3(b)</b>		
<b>Cash flows from operating activities</b>			
Net (loss) income from continuing operations	\$ (9,252)	\$ (3,175)	\$ 309
Net loss from discontinued operations	(5,056)	—	—
Adjustments to reconcile net (loss) income to net cash used in operating activities:			
Depreciation and amortization	226	18	16
Amortization of operating lease right-of-use asset	3,519	2,076	2,174
Lease termination and modification gain	(756)	—	—
Share-based compensation expense	1,083	—	—
Bad debt provision	163	389	(90)
Impairment loss	657	—	—
Loss on disposal of subsidiaries	163	—	—
Disposal loss from property and equipment	—	267	—
Accounts receivable	(415)	(1,384)	(171)
Prepaid and other current assets	788	5,993	(62)
Other non-current assets	722	39	1,724
Accounts payable	(237)	(1,007)	(637)
Accrued and other liabilities	860	(2,298)	(439)
Income tax payable	—	(18)	(498)
Deferred revenue	(781)	—	—
Operating lease liabilities	(2,386)	(1,190)	(691)
Net cash (used in)/provided by operating activities, continuing operations	(5,646)	(290)	1,635
Net cash used in operating activities, discontinued operations	(3,602)	—	—
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	—	—	(1,200)
Purchase of other non-current assets	—	—	(810)
Net cash used in investing activities, continuing operations	—	—	(2,010)
Net cash used in by investing activities, discontinued operations	(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)

	<b>Years ended December 31,</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<b>Note 3(b)</b>		
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares and warrants to purchase ordinary shares, net off expenses	—	1,864	—
Proceeds from short-term borrowing	3,014	2,439	1,200
Repayments of short-term borrowing	—	(1,500)	(2,439)
Net cash provided by (used in) financing activities, continuing operations	3,014	2,803	(1,239)
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	(1,614)
Cash, cash equivalents and restricted cash at beginning of year	31,455	7,670	10,055
Cash, cash equivalents and restricted cash at end of year	\$ 7,670	\$ 10,055	\$ 8,441
Less: Cash, restricted cash and cash equivalents of discontinued operations	—	—	—
Cash, cash equivalents and restricted cash at end of year from continuing operations	<u>\$ 7,670</u>	<u>\$ 10,055</u>	<u>\$ 8,441</u>
<b>Supplemental disclosure of cash flow information</b>			
income tax paid	—	\$ (27)	\$ (5)
Interest paid	\$ (1)	\$ (164)	\$ (171)
<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	—	\$ 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***

During 2024, the Company’s major subsidiaries include the following entities:

<b>Name</b>	<b>Date of incorporation</b>	<b>Place of</b>	<b>Percentag</b>	<b>Principal</b>
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	or acquisition	incorporation (or establishment) /operation	e of ownership %	activity
<b>Subsidiaries</b>				
Ambow Education Inc.	July 5, 2016	United States	100%	Investment Holding
Ambow BSC Inc. (Note i)	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) Ambow BSC Inc. and Bay State College Inc. were dissolved in 2024.

## 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, 2024, the Group's consolidated current assets exceeded its consolidated current liabilities by \$4,794. The Group's consolidated net assets were \$6,737 as of December 31, 2024.

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 of \$5,646 and \$290 for the years ended December 31, 2022 and 2023, respectively, and net cash provided by operating activities of \$1,635 for the year of 2024. As of December 31, 2024, the Group had \$1,123 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 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.

### **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 operations and comprehensive loss (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, impairment of intangible assets and other long-lived assets, valuation allowance for deferred tax assets and allowance for credit loss. 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 in the consolidated financial statements have been reclassified to conform to the current year presentation. These reclassifications relate to Cash and cash equivalents for the prior period presented that have been reclassified to Restricted cash to conform to the current period's presentation and they have no effect on net income or stockholders' equity as previously reported. For details, please refer to the Note 4-Cash, Cash Equivalents and Restricted Cash.

***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 U.S. 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 \$533 and \$443 as of December 31, 2023 and 2024, respectively, prepaid and other current assets of nil and \$461 as of December 31, 2023 and 2024 and on long-term receivable of \$769 and \$308 as of December 31, 2023 and 2024.

***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 and estimated useful lives

***k. Intangible assets***

Intangible assets represent 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. 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
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The Group has determined that trade names 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. Consequently, the carrying amounts of trade names are not amortized but are tested for impairment annually.

The Group performed impairment testing of indefinite-lived intangible assets in accordance with ASC 350, as of September 30 every previous year and December 31, 2024, 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 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.

## ***l. Segments***

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”), or decision-making group, in deciding how to allocate resources and in assessing performance. The Group’s CODM is Jin Huang, our Chairman of the Board of Directors and CEO.

The Group’s organizational structure is based on a number of factors that the CODM uses to evaluate, view and run its business operations which include, but not limited to, customer base and technology. The Group’s operating segment is based on such organizational structure and information reviewed by the Group’s CODM to evaluate the operating segment results. The Group has internal reporting of revenue, cost and expenses by nature as a whole. Hence, the Group has only one operating segment.

The accounting policies of the single segment are the same as described in the significant accounting policies. The CODM assesses performance for the single segment and decides how to allocate resources based on net income that also is reported on the Consolidated Statements of Operations and Comprehensive (Loss) Income as consolidated net income. The measure of the single segment assets is reported on the Consolidated Balance Sheets as total consolidated assets.

The CODM reviews revenues and expenses at the consolidated level as disclosed in the Group’s Consolidated Statements of Operations and Comprehensive (Loss) Income and uses net income to evaluate return on assets and to monitor budget versus actual results and in competitive analysis by benchmarking to the Group’s competitors. The competitive analysis and the monitoring of budgeted versus actual results are used in assessing the segment’s performance and in establishing management’s compensation.

Substantially the majority of the Group’s revenues are derived from U.S. based on the geographical locations where services are provided to customers. In addition, the Group’s long-lived assets are substantially all located in and derived from U.S. . Therefore, no geographical segments are presented.

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

The Group reviews its intangible assets and 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 and licensing our HybriU.

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. Bay State College and NewSchool in U.S. offer career-focused post-secondary educational services to undergraduate students and provide HybirU.

Bay State College was closed at the end of August 2024.

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.

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, all 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.

We also derive revenue principally from licensing our solution of HybirU. Our HybriU can grant licenses ("Licensing") to third parties in different markets.

Licensing - There is only one performance obligation for Licensing which is to deliver HybriU solution to customers as a combination of software, user manuals, technical documentation and other related materials, which customers can benefit alongside ready-made resources. Revenue for Licensing is recognized at point in time which is upon delivery of HybriU solution because the solution is considered as functional intellectual property due to the solution has significant standalone functionality, and the Company does not expect to substantively change that functionality which will significantly affect the utility of the solution after delivery. The Company also promises to provide unspecified updates, bug fixed and error collection for the solution (refer to as "technical support") free of charge if any issues occurred during the operation and requested by customers during the licensing term. The technical support is considered as an immaterial promise and not identified as a single performance obligation because it's minimally and infrequently provided to customers based on historical experiences which is also in line with the Company's expectation. There is not variable consideration and significant financing component.

### 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, 2023 and 2024.

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, 2023 and 2024, the Group's deferred revenue amounted to \$544 and \$436, while net revenue amount to \$9,163 and \$9,392, including net revenue from educational programs amounted to \$9,163 and \$7,468 for the years ended 2023 and 2024 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 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. 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.

***q. 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.

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

Basic earnings per share is computed by dividing net (loss) /income 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 (loss)/income 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.

***s. 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 and 2024 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, 2023 and 2024, respectively.



#### ***t. 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 and 2024, 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 year ended December 31, 2022, 2023 and 2024, 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.

#### ***u. 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.

#### ***v. 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.

#### ***w. Loss contingencies***

An estimated loss contingency is accrued and charged to the consolidated statements of operations and other comprehensive (loss) income (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.

***x. Recently issued accounting standards***

In December, 2023, the FASB issued ASU 2023-09 “Income Taxes (Topics 740): Improvements to Income Tax Disclosures” to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for our annual periods beginning January 1, 2025, with early adoption permitted. The Company is currently evaluating the impact of the above new accounting pronouncement or guidance on the consolidated financial statements.

In November, 2024, the FASB issued ASU No. 2024-03, Income Statement (Topic 220)- Reporting Comprehensive Income- Expense Disaggregation Disclosures (Subtopic 220-40). ASU No. 2024-03 requires publicly-traded business entities to disclose specified information about the components of certain costs and expenses that are currently disclosed in the financial statements. The guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of the above new accounting pronouncement or guidances on the 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,	
	2023	2024
Cash and cash equivalents	\$ 274	\$ 1,123
Restricted cash (Note i)	9,781	7,318
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	<u>\$ 10,055</u>	<u>\$ 8,441</u>

(Note i) Restricted cash required by U.S. Department of Education and the deposits necessary to secure lines of credit from financial institutions.

#### Revision of previously issued financial statements

During the course of preparing the consolidated financial statements for the year ended December 31, 2024, it was identified that there was a classification error in the previously issued consolidated financial statements for the year ended December 31, 2023 in relation to the measurement of “Cash and cash equivalents” and “Restricted cash.” The cash collateral that was pledged by the Company to obtain a letter of credit from financial institutions was included in “Cash and cash equivalents,” which shall be included in “Restricted cash,” and consequently resulted in a misstatement of “Cash and cash equivalents” and “Restricted cash.” As such, the Company revised the presentation of the consolidated balance sheet as of December 31, 2023. The revision had no impact on the net loss, comprehensive loss, loss per share, accumulated deficit or the cash flows as previously reported. The impact of the revision adjustments to the specific line items presented in the consolidated financial statements as of December 31, 2023 is summarized below.

As of December 31, 2023			
Consolidated balance sheet:	As previously reported	Adjustment	As revised
	\$	\$	\$
Cash and cash equivalents	4,834	(4,560)	274
Restricted cash	5,221	4,560	9,781

#### 5. ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following:

	As of December 31,	
	2023	2024
Accounts receivable	\$ 2,813	\$ 2,984
Less: Allowance for credit losses	(533)	(443)

Accounts receivable, net	\$ 2,280	\$ 2,541
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Allowance for credit losses:

	As of December 31,	
	2023	2024
Balance at beginning of year	\$ (1,106)	\$ (533)
Addition	(389)	—
Reversed	—	90
Written off	193	—
Reclassification allowance to the other non-current assets	769	—
Balance at end of year	\$ (533)	\$ (443)

## 6. PREPAID AND OTHER CURRENT ASSETS, NET

Prepaid and other current assets, net consisted of the following:

	As of December 31,	
	2023	2024
Prepayments to suppliers	\$ 127	\$ 189
Prepaid for HybriU development	29	29
Loans to third parties	6	6
Receivables from third-party (Note i)	—	880
Others (Note ii)	16	16
Total before allowance for doubtful accounts	178	1,120
Less: allowance for doubtful accounts (Note i)	—	(461)
Prepaid and other current assets, net	<u>\$ 178</u>	<u>\$ 659</u>

(Note i) Long-term receivable, net related to Bay State College and expected to be collected less than twelve months.

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

## 7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

	As of December 31,	
	2023	2024
Motor vehicles	\$ 2	\$ 2
Office and computer equipment	199	199
Construction in process	—	1,200
Leasehold improvements	24	24
Sub-total	225	1,425
Less: accumulated depreciation	(219)	(225)
Total	<u>\$ 6</u>	<u>\$ 1,200</u>

For the years ended December 31, 2022, 2023 and 2024, depreciation expenses from continuing operations were \$206, \$3 and \$6, respectively, which were recorded in cost of revenues, general and administrative expenses.

The Construction in process mainly represented related to AI classroom project at the NSAD campus, which is scheduled for completion by the end of 2025.

The Group performed impairment assessment on the property and equipment, and there is no impairment loss for the years ended December 31, 2022, 2023 and 2024, respectively.

## 8. INTANGIBLE ASSETS, NET

Intangible assets, net consisted of the following:

	As of December 31,	
	2023	2024
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	(38)	(48)
	<u>(314)</u>	<u>(324)</u>
Intangible assets, net		
Trade names	460	460
Software	—	—
Accreditation	62	52
	<u>\$ 522</u>	<u>\$ 512</u>

For the years ended December 31, 2022, 2023 and 2024, the Group performed impairment assessment on the Trade name and recognized impairment loss of \$657, nil and nil on Trade name, respectively.

Amortization expenses for intangible assets from continuing operations amounted to \$5, \$15 and \$10 for the years ended December 31, 2022, 2023 and 2024, respectively, which were recorded in general and administrative expenses. 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>
2025	\$ 10
2026	10
2027	10
2028	10
2029	10
Thereafter	2
Total	<u>\$ 52</u>

## 9. OTHER NON-CURRENT ASSETS, NET

Other non-current assets, net consisted of the following:

	<u>As of December 31,</u>	
	<u>2023</u>	<u>2024</u>
Long-term restricted cash (Note i)	\$ 1,714	\$ —
Long-term receivable (Note ii)	1,467	587
Educational content (Note iii)	—	810
Long-term lease deposits	194	194
Others	23	13
Sub-total	\$ 3,398	\$ 1,604
Less: allowance for credit losses (Note ii)	(769)	(308)
Total	<u>\$ 2,629</u>	<u>\$ 1,296</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, net related to Bay State College and expected to be collected more than twelve months. The portion expected to be collected within 12 months is reclassified to prepaid and other current assets, net.

(Note iii) For the year ended December 31, 2024, the Group performed impairment assessment on the Educational content and nil impairment loss was recorded.

Amortization expenses for other non-current assets amounted to nil, nil and \$90 for the years ended December 31, 2022, 2023 and 2024, respectively, which were recorded in cost of revenue.

## 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</u>	<u>Repayment Due Date</u>
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Rate					
January 9, 2024	Ambow Education Inc.	Cathay Bank	1,200	6.00%	December 27, 2025
October 11, 2022	Ambow Education Inc.	Cathay Bank	1,500	6.29%	October 10, 2025

In October 2022 and January 2024, the Group pledged its restricted cash amount of \$1,500 and \$1,200, respectively, to obtain the borrowings amount of \$1,500 and \$1,200 from Cathay Bank. Refer to the Note 4-Cash, Cash Equivalents and Restricted Cash.

On October 11, 2022, the Group received a loan from Cathay Bank in the amount of \$1,500 with a maturity date of October 11, 2023, which was renewed on November 6, 2023 with its original maturity date of October 11, 2024 and bearing interest at 6.29% per annum. On January 9, 2024, the Group received a loan from Cathay Bank in the amount of \$1,200 with its original maturity date of December 28, 2024 and bearing interest at 6.00% per annum. The above loans from Cathay Bank were renewed respectively in September and November 2024 to a renewed maturity date of October 10, 2025 and December 27, 2025. The pledges shall be terminated once all borrowings have been repaid and pledge cancellation registration procedures have been completed.



## 11. ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consisted of the following:

	As of December 31,	
	2023	2024
Accrued payroll and welfare	\$ 635	\$ 578
Amounts due to students (Note i)	268	5
Deferred revenue (Note ii)	544	436
Others	21	10
Total	<u>\$ 1,468</u>	<u>\$ 1,029</u>

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

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

## 12. ORDINARY SHARES

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.

### 2024 Equity Incentive Plan

On December 20, 2024, we adopted the Company’s 2024 Equity Incentive Plan (the “Plan”), which became effective upon the approval of the shareholders at the Annual Meeting of Shareholders on December 20, 2024. The Plan provides for the grant of stock options, SARs, performance share awards, performance unit awards, distribution equivalent right awards, restricted stock awards, restricted stock unit awards and unrestricted stock awards to non-employee directors, officers, employees and nonemployee consultants of Ambow Education Holding Ltd. or its affiliates. the maximum aggregate number of Shares that may be awarded and sold under the Plan is 6,500,000 ordinary shares. The number of ordinary shares available for issuance under the Plan shall automatically increase on the first trading day of January each calendar year during the term of the Plan, beginning with the calendar year 2025, resulting in the aggregate number of ordinary shares available under this Plan equaling fifteen percent (15%) of the total number of ordinary shares outstanding on the last trading day in December of the immediately preceding calendar year minus the total number of reserved and available shares under the Company’s 2005 Plan and 2010 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 2022, 2023 and 2024. As of December 31, 2023 and 2024, 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 2022, 2023 and 2024, 45,833, nil 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, 2023 and 2024 is as follows:

	<b>Shares</b>	<b>Grant-date fair value</b>	<b>Weighted Average Remaining Contractual Term</b>
Unvested at January 1, 2023	19,935	3.13	—
Granted	—	—	—
Vested	—	—	—
Forfeited or expired	—	—	—
Unvested at end of year	—	—	—
Shares vested but not issued at December 31, 2023	19,935	3.13	—
Unvested at January 1, 2024	—	—	—
Granted	—	—	—
Vested	—	—	—
Forfeited or expired	—	—	—
Unvested at end of year	—	—	—
Shares vested but not issued at December 31, 2024	19,935	3.13	—

The Group recorded share-based compensation expenses from continuing operations of \$1,083, nil and nil in general and administrative expense for the restricted stock awards for the years ended December 31, 2022, 2023 and 2024, respectively, and the unrecognized share-based compensation expenses was nil as of December 31, 2023 and 2024.

## **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, 2022, 2023 and 2024 from continuing operations are as follows:

	Years ended December 31,		
	2022	2023	2024
Current:	\$ —	(14)	\$ 839
Deferred:	—	—	—
Income tax (expense) benefits	<u>\$ —</u>	<u>(14)</u>	<u>\$ 839</u>

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

	As of December 31,	
	2023	2024
<b>Deferred tax asset:</b>		
Accrued expense	\$ 1	\$ 1
Allowance for doubtful accounts	346	152
Depreciation	84	—
Lease Liability	2,095	77
Tax loss carried forward	6,661	7,401
Research and development capitalization	91	922
Tax Credits	59	—
Total deferred tax assets	<u>9,337</u>	<u>8,552</u>
Valuation allowance	(7,794)	(8,371)
<b>Deferred tax assets, net of valuation allowance</b>	<u>\$ 1,543</u>	<u>\$ 181</u>
<b>Deferred tax liabilities:</b>		
- Unrealized gain on acquisition/disposal	173	181
- Right-of-use assets	1,370	—
<b>Total deferred tax liabilities</b>	<u>\$ 1,543</u>	<u>\$ 181</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
2025	—
2026	—
2027	—
2028	—
2029 and thereafter	\$ 44,150
Total	<u>\$ 44,150</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 \$26,535 can be carried forward

indefinitely. State net loss of \$17,493 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, 2024, 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, 2023 and 2024, respectively.

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, 2024, 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:

	As of December 31,	
	2023	2024
Balance at beginning of the year	\$ 6,579	\$ 7,794
Allowance made during the year	1,215	577
Reversals	—	—
NOL expire	—	—
Balance at end of the year	<u>\$ 7,794</u>	<u>\$ 8,371</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:

	Years ended December 31,		
	2022	2023	2024
	%	%	%
Weighted average statutory income tax rate	(21)%	(21)%	(21)%
States taxes, net of federal benefit	(5)%	(7)%	(4)%
Tax effect of non-deductible expenses	(4)%	—%	—%
Tax effect of tax-exempt entities	4%	2%	28.36%
Prior year true up	—%	(5)%	%
Changes in valuation allowance	26%	31%	(3.36)%
Effect of tax amendment	—	—	(158.11)
Effective tax rate	—%	—%	(158.11)%

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

	Year ended December 31,		
	2022	2023	2024
United States	\$ (7,305)	\$ (2,843)	\$ 186
Foreign	(1,947)	(318)	(716)
Total loss before income taxes	<u>\$ (9,252)</u>	<u>\$ (3,161)</u>	<u>\$ (530)</u>

## 15. NET LOSS/INCOME PER SHARE

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

	Years ended December 31,		
	2022	2023	2024
<b>Numerator:</b>			
Numerator for basic and diluted (loss) income per share from continuing operations	\$ (9,252)	\$ (3,175)	\$ 309
Numerator for basic and diluted loss per share from discontinued operations	(5,056)	—	—
<b>Denominator:</b>			
Denominator for basic (loss) income per share weighted average ordinary shares outstanding	49,458,266	56,333,003	57,127,524
Denominator for diluted (loss) income per share weighted average ordinary shares outstanding	49,458,266	56,333,003	57,127,524
<b>Basic and Diluted (loss) income per share from continuing operations</b>	<b>\$ (0.19)</b>	<b>\$ (0.06)</b>	<b>\$ 0.0054</b>
<b>Basic and Diluted loss per share from discontinued operations</b>	<b>\$ (0.10)</b>	<b>—</b>	<b>—</b>
<b>Basic and Diluted (loss) income per ADS from continuing operations (Note i)</b>			
	<b>\$ (3.80)</b>	<b>\$ (1.20)</b>	<b>\$ 0.1080</b>
<b>Basic and Diluted loss per ADS from discontinued operations</b>	<b>\$ (2.00)</b>	<b>—</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 (loss) income 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 2022, 2023 and 2024.

## 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,	
	2023	2024
Operating lease expense	\$ 2,348	\$ 2,353

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



Years ended December 31,	
2023	2024

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$	1,451	\$	871
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Supplemental balance sheet information related to leases was as follows:

	Years ended December 31,	
	2023	2024
Weighted-average Remaining Lease Term		
Operating leases	2.20 Years	1.19 Years
Weighted-average Discount Rate	—	—
Operating leases	4.25%	4.31%

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, 2024.

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, 2022, 2023 and 2024.

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, 2024.

As of December 31, 2024, maturities of lease liabilities were as follows:

	Amount
2025	\$ 5,711
2026	465
2027	31
2028	9
2029	—
Thereafter	—
Total lease payments	6,216
Less: interest	(72)
Total	6,144
Less: current portion	(2,357)
Non-current portion	<u>\$ 3,787</u>

As of December 31, 2024, the Group had no material operating or finance leases that had not yet commenced.

## 17. RELATED PARTY TRANSACTIONS

In January 2024, Ambow made a borrowing of \$200 from a member of the management team of the Company and repaid the borrowing by the end of March 2024.

## 18. LOSS FROM AND ON SALE OF DISCONTINUED OPERATION, NET OF INCOME TAX

On November 23, 2022, the Group entered into a share purchase agreement with Clover Wealth Management (the “Purchaser”) to sell all of the equity interests to the Purchaser in consideration of the Purchaser paying US\$ 12.0 million in cash to the Company (the “Sale of Ambow China”). The Sale was completed on December 31, 2022. After the Sale of Ambow China, the Company had sold all of its assets and operations in China. For the year ended December 31, 2022, the Group has recognized loss from discontinued operations, net of income tax of \$11,115 and income on sale of discontinued operations, net of income tax of \$6,059 in consolidated statements of operations and comprehensive (loss) income.

## **19. CONTINGENCIES**

We are currently involved in two lawsuits concerning our leased property. Filed on July 15, 2024, by Art Block Investors, LLC et al., in the San Diego Superior Court (the “Court”), this unlawful detainer action seeks possession of premises occupied by NewSchool and recovery of \$2,255,984.44 in past rent and common area maintenance (CAM) fees. Following trial, the Court issued a Proposed Statement of Decision awarding the plaintiffs possession and damages, with attorney’s fees and costs (estimated \$80,000–\$100,000) to be determined. NewSchool has objected, but judgment is expected within 30 days, followed by a motion for fees. In addition, filed on September 6, 2024, in the San Diego Superior Court, Art Block Investors, LLC et al. alleges breach of contract and guaranty against NewSchool and Ambow Education Holdings Ltd., seeking \$4,466,247.80, potentially offset by amounts recovered in the first lawsuit. We, as defendants, have answered and are contesting the claims; no pretrial or trial dates have been set. The Company continues to evaluate these matters. A reasonable estimate of the amount of any possible loss or range of loss cannot be made as of December 31, 2024.

## 20. 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

For the years ended December 31, 2022, the Group performed impairment assessment on the trade name and recognized impairment loss of \$657, nil and nil on the trade names in intangible assets, respectively. The following table presents the quantitative information about the Group’s Level 3 fair value measurements of the impaired trade name in 2022, which utilize significant unobservable internally-developed inputs:

	Fair value	Valuation techniques	Unobservable inputs	Inputs
Trade name impairment in 2022	\$ —	Relief-from-royalty method	Royalty rate	0%
			Discount rate	13.5%
			Revenue growth rate	3%

## 21. SUBSEQUENT EVENTS

The Company has not identified any events with a material financial impact on the Group’s consolidated financial statements.