

Ambow Education Holding Ltd.  
Form 20-F  
July 08, 2014  
Table of Contents

**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, 2013**

**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

Edgar Filing: Ambow Education Holding Ltd. - Form 20-F

**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)

**18th Floor, Building A, Chengjian Plaza, No. 18,  
BeiTaiPingZhuang Road, Haidian District, Beijing  
100088**

**People's Republic of China**  
(Address of principal executive offices)

**Kia Jing Tan, Chief Financial Officer**

**18th Floor, Building A, Chengjian Plaza, No. 18,  
BeiTaiPingZhuang Road, Haidian District, Beijing  
100088**

**People's Republic of China**

**Telephone: +86 (10) 6206-8007**

**Facsimile: +86 (10) 6206-8100**

(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	Name of each exchange on which registered
Class A Ordinary Shares	New York Stock Exchange*

\* Not for trading, but only in connection with the listing on New York Stock Exchange of American depository shares representing the Class A ordinary shares. Each American depository share represents two Class A ordinary shares.

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

None

Edgar Filing: Ambow Education Holding Ltd. - Form 20-F

Table of Contents

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

**None**

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.

**86,169,769 Class A Ordinary Shares and  
90,606,843 Class B Ordinary Shares,  
par value \$0.0001 per share, as of December 31, 2013**

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Edgar Filing: Ambow Education Holding Ltd. - Form 20-F

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

---

Table of Contents

PART I

<u>Item 1.</u>	<u>Identity of Directors, Senior Management and Advisers</u>	3
<u>Item 2.</u>	<u>Offer Statistics and Expected Timetable</u>	3
<u>Item 3.</u>	<u>Key Information</u>	3
<u>Item 4.</u>	<u>Information on the Company</u>	52
<u>Item 4A</u>	<u>Unresolved Staff Comments</u>	106
<u>Item 5.</u>	<u>Operating and Financial Review and Prospects</u>	106
<u>Item 6.</u>	<u>Directors, Senior Management and Employees</u>	148
<u>Item 7.</u>	<u>Major Shareholders and Related Party Transactions</u>	167
<u>Item 8.</u>	<u>Financial Information</u>	171
<u>Item 9.</u>	<u>The Offer and Listing</u>	173
<u>Item 10.</u>	<u>Additional Information</u>	174
<u>Item 11.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	183
<u>Item 12.</u>	<u>Description of Securities Other Than Equity Securities</u>	184

PART II

<u>Item 13.</u>	<u>Defaults, Dividend Arrearages and Delinquencies</u>	187
<u>Item 14.</u>	<u>Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	187
<u>Item 15.</u>	<u>Controls and Procedures</u>	187
<u>Item 16A</u>	<u>Audit Committee Financial Expert</u>	191
<u>Item 16B</u>	<u>Code of Ethics</u>	191
<u>Item 16C</u>	<u>Principal Accountant Fees and Services</u>	191
<u>Item 16D</u>	<u>Exemptions from the Listing Standards for Audit Committees</u>	192
<u>Item 16E</u>	<u>Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	192
<u>Item 16F</u>	<u>Change in Registrant's Certifying Accountant</u>	192
<u>Item 16G</u>	<u>Corporate Governance</u>	193
<u>Item 16H</u>	<u>Mine Safety Disclosure</u>	194

PART III

<u>Item 17.</u>	<u>Financial Statements</u>	195
<u>Item 18.</u>	<u>Financial Statements</u>	195
<u>Item 19.</u>	<u>Exhibits</u>	195

Table of Contents

**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 of which represents two Class A ordinary shares, and ADRs refers to the American depositary receipts that evidence our ADSs.
- we, us, our company, the company, our and Ambow refer to Ambow Education Holding Ltd. and its subsidiaries and, in the context of describing our operations and consolidated financial data, also include our VIEs and their respective subsidiaries.
- China or PRC refers to the People's Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau and Taiwan.
- GaoKao refers to university entrance exams administered in China.
- IPO refers to the initial public offering of our ADSs.
- RMB or Renminbi refers to the legal currency of China.
- U.S. GAAP refers to the Generally Accepted Accounting Principles in the United States.
- VIEs refers to our variable interest entities, which are certain domestic PRC companies in which we do not have direct or controlling equity interests but whose historical financial results have been consolidated in our financial statements in accordance with U.S. GAAP.
- ZhongKao refers to senior high school entrance exams administered in China.
- \$, 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 expressions or phrases identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and future events and financial trends that we believe may affect our financial condition, results of operation, business strategy and financial needs. Forward-looking statements include, but are not limited to, statements about:

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





Table of Contents

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, and specifically decline any 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.

Table of Contents

**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. Selected Financial Data**

The selected consolidated financial data presented below for the three years ended December 31, 2011, 2012 and 2013 and as of December 31, 2012 and 2013 is derived from our audited consolidated financial statements included elsewhere in this annual report, which were prepared in accordance with U.S. GAAP. The selected consolidated financial data presented below for the years ended December 31, 2009 and 2010, and as of December 31, 2009, 2010 and 2011 is derived from our unaudited consolidated financial data for those years that are not included in this annual report (which are unaudited as they have been revised from previously issued audited financial statements to reflect the classification of discontinued operations as a separate line item in the income statement), which were prepared in accordance with U.S. GAAP.

The results presented in our selected financial data reflect all of our continuing operations since January 1, 2009 or the subsequent date of acquisition. In 2013, we have completed the disposal of Beijing 21st Century International School ( 21st School ) and the disposal of the Applied Technology College of Soochow University ( Applied Technology College ). Financials of both entities are included in discontinued operations in the year of 2013. This has affected period-to-period comparisons of our selected consolidated financial data.

In addition, we have deconsolidated Tianjin Huaying School ( Tianjin Tutoring ) on September 2013, and deconsolidated Guangzhou ZS Career Enhancement and Guangzhou Tianhe Depushi Education Training Center ( Guangzhou DP Tutoring ) on December 2013. All the deconsolidations were due to loss of effective control of these schools. See Note 26 to the financial statements for details. This has also affected period-to-period comparisons of our selected consolidated financial data.



Edgar Filing: Ambow Education Holding Ltd. - Form 20-F

Table of Contents

	2009	2010	For the Year Ended December 31,		2013	2013	
	RMB	RMB	2011	2012	RMB	US\$	
			RMB	RMB			
			(in thousands, except share, per share and per ADS information)				
<b>Consolidated Statement of Operations Data:</b>							
<b>NET REVENUES:</b>							
Educational programs and services	613,611	899,992	1,130,269	1,210,591	1,140,487	188,395	
Software products	123,104	214,663	366,600	66,886			
Total net revenues	736,715	1,114,655	1,496,869	1,277,477	1,140,487	188,395	
Cost of revenues	(356,842)	(479,785)	(621,176)	(805,306)	(742,637)	(122,675)	
<b>GROSS PROFIT</b>	<b>379,873</b>	<b>634,870</b>	<b>875,693</b>	<b>472,171</b>	<b>397,850</b>	<b>65,720</b>	
<b>Operating expenses:</b>							
Selling and marketing (1)	(127,688)	(235,683)	(351,592)	(594,456)	(374,301)	(61,830)	
General and administrative (1)	(136,466)	(162,850)	(266,101)	(698,977)	(555,494)	(91,761)	
Research and development (1)	(16,968)	(27,553)	(39,541)	(31,842)	(19,545)	(3,229)	
Impairment loss from continuing operations (1)				(806,646)	(84,246)	(13,916)	
Total operating expenses	(281,122)	(426,086)	(657,234)	(2,131,921)	(1,033,586)	(170,736)	
<b>OPERATING INCOME/(LOSS)</b>	<b>98,751</b>	<b>208,784</b>	<b>218,459</b>	<b>(1,659,750)</b>	<b>(635,736)</b>	<b>(105,016)</b>	
<b>OTHER EXPENSE</b>	<b>(4,130)</b>	<b>(3,653)</b>	<b>(20,119)</b>	<b>(9,505)</b>	<b>(27,735)</b>	<b>(4,581)</b>	
<b>INCOME/(LOSS) BEFORE INCOME TAX, NON-CONTROLLING INTEREST, AND DISCONTINUED OPERATIONS</b>							
Income tax expense/(benefit)	(2,772)	(37,850)	(37,239)	52,628	29,471	4,868	
<b>INCOME/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>91,849</b>	<b>167,281</b>	<b>161,101</b>	<b>(1,616,627)</b>	<b>(634,000)</b>	<b>(104,729)</b>	
Income/(Loss) from sale of discontinued operations, net of income tax	46,172	44,418	(144,882)	(56,888)	(276,205)	(45,626)	
<b>NET INCOME/(LOSS)</b>	<b>138,021</b>	<b>211,699</b>	<b>16,219</b>	<b>(1,673,515)</b>	<b>(910,205)</b>	<b>(150,355)</b>	
Add: Net loss contributable to non-controlling interest	215	4,333	4,966	52,349	3,387	559	
<b>NET INCOME/(LOSS) ATTRIBUTABLE TO AMBOW EDUCATION HOLDING LTD.</b>	<b>138,236</b>	<b>216,032</b>	<b>21,185</b>	<b>(1,621,166)</b>	<b>(906,818)</b>	<b>(149,796)</b>	
Preferred shares redemption value accretion	(157,877)	(94,209)					
Allocation of net income to participating preferred shareholders	(93,611)	(55,534)					
<b>NET INCOME/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>	<b>(113,252)</b>	<b>66,289</b>	<b>21,185</b>	<b>(1,621,166)</b>	<b>(906,818)</b>	<b>(149,796)</b>	

Edgar Filing: Ambow Education Holding Ltd. - Form 20-F

Net income/(loss) from  
continuing operations per  
ordinary share: (2)

Basic	(4.07)	0.22	1.16	(11.10)	(3.85)	(0.64)
Diluted	(4.07)	0.17	1.10	(11.10)	(3.85)	(0.64)

Net income/(loss) from  
discontinued operations per  
ordinary share: (2)

Basic	1.18	0.56	(1.01)	(0.03)	(1.68)	(0.28)
Diluted	1.18	0.42	(1.01)	(0.03)	(1.68)	(0.28)

Net income/(loss) from  
continuing operations per ADS:  
(2)

Basic	(8.14)	0.44	2.32	(22.20)	(7.70)	(1.28)
Diluted	(8.14)	0.34	2.20	(22.20)	(7.70)	(1.28)

Net income/(loss) from  
discontinued operations per  
ADS: (2)

Basic	2.36	1.12	(2.02)	(0.06)	(3.36)	(0.56)
Diluted	2.36	0.84	(2.02)	(0.06)	(3.36)	(0.56)

Weighted average shares used in  
calculating net income/(loss) per  
share (2)

Basic	39,193,092	85,551,412	142,939,038	145,659,940	163,942,809	163,942,809
Diluted	39,193,092	112,122,045	150,432,812	145,659,940	163,942,809	163,942,809

Table of Contents

(1) Share-based compensation expense included in:

	For the Year Ended December 31,					
	2009 RMB	2010 RMB	2011 RMB	2012 RMB	2013 RMB	2013 US\$
	(in thousands, except share, per share and per ADS information)					
Selling and marketing	4,411	7,204	7,286	6,286	2,658	439
General and administrative	8,640	26,029	25,220	88,019	73,108	12,077
Research and development	480	981	842	872	829	137

(2) Basic and diluted net income from continuing operations per ordinary share is computed by dividing net income from continuing operations adjusted for the impact of any accretion/allocation of income relating to preferred shareholders by the weighted average number of shares outstanding for the period. Basic and diluted net income/(loss) from discontinued operations per ordinary share is computed by dividing net income/(loss) from discontinued operations by the weighted average number of shares outstanding for the period. The potentially dilutive warrants, preferred shares and options were excluded from the calculation of diluted net income/(loss) from continuing/discontinued operations per share in those periods where their inclusion would be anti-dilutive.

Table of Contents

	2009	2010	As of December 31,		2013	2013
	RMB	RMB	2011 (in thousands) RMB	2012 RMB	RMB	US\$
<b>Consolidated Balance Sheet Data:</b>						
Cash and cash equivalents	409,926	869,300	402,502	178,121	177,295	29,287
Total current assets	1,133,515	1,663,782	2,313,872	1,680,980	675,144	111,526
Total assets	3,672,394	4,238,497	4,845,686	3,180,358	1,953,409	322,680
Total current liabilities	1,131,901	1,071,402	1,661,553	1,699,899	1,451,936	239,843
Total liabilities	1,582,625	1,505,504	2,079,223	1,796,403	1,555,686	256,981
Mezzanine equity	1,288,147					
Total equity	801,622	2,732,993	2,766,463	1,383,955	397,723	65,699

	2009	2010	For the Year Ended December 31,		2013	2013
	RMB	RMB	2011 (in thousands) RMB	2012 RMB	RMB	US\$
<b>Consolidated Statement of Cash Flow Data:</b>						
Net cash provided by/(used in) operating activities	523,094	456,914	296,705	(32,004)	(160,544)	(26,520)
Net cash provided by/(used in) investing activities	(802,365)	(392,364)	(494,558)	(457,855)	65,862	10,880
Net cash provided by/(used in) financing activities	(86,500)	406,598	(46,216)	76,838	82,885	13,691
Cash and cash equivalents included in assets held for sale		(160,517)	(288,886)	(11,080)		

**Exchange Rates**

Our business is primarily conducted in China and substantially all of our revenues are denominated in RMB. This annual report contains translations of certain RMB amounts into U.S. dollars at specified rates solely for the convenience of the reader. All translations from RMB to U.S. dollars were made at the noon buying rate as set forth in the H.10 statistical release of the U.S. Federal Reserve Board. Unless otherwise stated, the translation of RMB into U.S. dollars has been made at the noon buying rate on December 31, 2013, which was RMB6.0537 to US\$1.00. We make no representation that the RMB or U.S. dollar amounts referred to in this annual report could have been converted into U.S. dollars or RMB, as the case may be, at any particular rate or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. On May 30, 2014, the daily exchange rate reported by the Federal Reserve Board was RMB6.2471 to US\$1.00.

The following table sets forth information concerning exchange rates between the RMB and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this annual report or will use in the preparation of our periodic reports or any other information to be provided to you. The source of these rates is the Federal Reserve Board.

Table of Contents

<b>Period</b>	<b>High (1)</b>	<b>Low (1)</b>
2011	6.6364	6.2939
2012	6.3879	6.2221
2013	6.2438	6.0537
October	6.1209	6.0815
November	6.0993	6.0903
December	6.0927	6.0537
2014		
January	6.0600	6.0402
February	6.1448	6.0591
March	6.2273	6.1183
April	6.2591	6.1966
May	6.2591	6.2255

---

(1) Annual and monthly lows and highs are calculated from daily noon buying rates in the city of New York as published by the Federal Reserve Bank.

**B.**            **&#**