

Ambow Education Holding Ltd.
Form 20-F
April 05, 2019

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
x1934**

For the fiscal year ended December 31, 2018

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)

12th Floor, Tower 1, Financial Street,

Chang'an Center, Shijingshan District, Beijing

100043

People's Republic of China

(Address of principal executive offices)

Kia Jing Tan, Chief Financial Officer

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Telephone: +86 (10) 6206-8000

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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: **Class A Ordinary Shares**

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

None

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.

**38,756,289 Class A Ordinary Shares and
4,708,415 Class C Ordinary Shares,
par value \$0.003 per share, as of December 31, 2018**

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

Yes No

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

Yes No

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

Yes No

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

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer
Emerging Growth Company

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

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

Indicate by check mark 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

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

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

“ADSs” refers to our American depository shares, each of which represents two Class A Ordinary Shares, and “ADRs” refers to the American depository receipts that evidence our ADSs.

“we”, “us”, “our company”, “the company”, “the Group”, “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 similar expressions 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.

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. Selected Financial Data

The selected consolidated financial data presented below for the years ended December 31, 2016, 2017 and 2018 and as of December 31, 2017 and 2018 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, 2014 and 2015 and as of December 31, 2014, 2015 and 2016, have been derived from our audited consolidated financial statements for the years ended December 31, 2014, 2015 and 2016, which are not included in this annual report.

On August 31, 2017, we sold the 100% equity interest in Ambow Online to a third party for nil consideration. After the disposal, Ambow Online and its remaining VIE Suzhou Wenjian Venture Investment Management Consulting Co., Ltd. (“Suzhou Wenjian”) were no longer consolidated with the Group. On September 30, 2017, we sold the 100% equity interest in 21st Century Training Center to a third party, with a consideration of RMB 1 yuan. After the disposal, 21st Century Training Center was no longer consolidated with the Group. Please refer to Note 25 for details.

We established IValley Beijing in September 2017. IValley Beijing is a 100% subsidiary of IValley, a Taiwanese company. IValley is a VIE subsidiary of Ambow Education Management (Hong Kong) Ltd. (“Ambow Education Management”). IValley and IValley Beijing’s business is to provide intellectualized operational services.

	For the Years Ended December 31,					
	2014	2015	2016	2017	2018	2018
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands, except share, per share and per ADS information)					
Consolidated Statement of Operations Data:						
NET REVENUES:						
- Educational programs and services	411,998	395,715	412,016	432,754	525,134	76,378
- Intellectualized operational services	-	-	-	11,170	6,374	927
Total net revenues	411,998	395,715	412,016	443,924	531,508	77,305
COST OF REVENUES						
- Education programs and services	(274,036)	(245,945)	(238,742)	(249,400)	(331,939)	(48,279)
- Intellectualized operational services	-	-	-	(6,995)	(6,204)	(902)
Total costs of revenues	(274,036)	(245,945)	(238,742)	(256,395)	(338,143)	(49,181)
GROSS PROFIT	137,962	149,770	173,274	187,529	193,365	28,124
Operating expenses:						
Selling and marketing (1)	(80,377)	(55,511)	(41,818)	(36,710)	(43,751)	(6,363)
General and administrative (1)	(508,544)	(280,634)	(145,513)	(142,252)	(132,718)	(19,303)
Research and development (1)	(12,259)	(7,308)	(7,572)	(6,262)	(1,513)	(220)
Impairment loss from continuing operations	(292,577)	(162,351)	(22,402)	-	-	-
Total operating expenses	(893,757)	(505,804)	(217,305)	(185,224)	(177,982)	(25,886)
OPERATING (LOSS)/INCOME	(755,795)	(356,034)	(44,031)	2,305	15,383	2,238
OTHER (EXPENSE)/INCOME	(267,861)	(39,371)	12,924	53,234	33,055	4,808
(LOSS)/INCOME BEFORE INCOME TAX, NON-CONTROLLING INTEREST, AND DISCONTINUED OPERATIONS	(1,023,656)	(395,405)	(31,107)	55,539	48,438	7,046
Income tax benefit/(expense)	(1,135)	118,963	(5,911)	(9,614)	(3,498)	(509)
(LOSS)/INCOME FROM CONTINUING OPERATIONS	(1,024,791)	(276,442)	(37,018)	45,925	44,940	6,537
(Loss)/Income from and on sale of discontinued operations, net of income tax	(57,764)	340,798	-	-	-	-
NET (LOSS)/INCOME	(1,082,555)	64,356	(37,018)	45,925	44,940	6,537

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Less: Net (loss)/income attributable to non-controlling interest from continuing operating	(5,742)	617	(1,318)	(538)	(50)	(7)
NET (LOSS)/INCOME ATTRIBUTABLE TO AMBOW EDUCATION HOLDING LTD.	(1,076,813)	63,739	(35,700)	46,463	44,990	6,544
NET (LOSS)/INCOME ATTRIBUTABLE TO ORDINARY SHAREHOLDERS	(1,076,813)	63,739	(35,700)	46,463	44,990	6,544
Net (loss)/income from continuing operations per ordinary share: (2)						
Basic	(73.13)	(7.52)	(0.93)	1.20	1.09	0.16
Diluted	(73.13)	(7.52)	(0.93)	1.18	1.08	0.16
Net (loss)/income from discontinued operations per ordinary share: (2)						
Basic	(4.18)	9.25	-	-	-	-
Diluted	(4.18)	9.25	-	-	-	-
Net (loss)/income from continuing operations per ADS: (2)						
Basic	(146.26)	(15.04)	(1.86)	2.40	2.18	0.32
Diluted	(146.26)	(15.04)	(1.86)	2.36	2.16	0.32
Net (loss)/income from discontinued operations per ADS: (2)						