

## Ambow Education Announces Second Quarter 2019 Financial Results

BEIJING, September 9, 2019 -- Ambow Education Holding Ltd. (“Ambow” or the “Company”) (NYSE American: AMBO), a leading national provider of educational and career enhancement services in China, today announced its unaudited financial and operating results for the three-month and six-month periods ended June 30, 2019.

“During the second quarter, we continued to deliver solid performance. Furthermore we are developing new programs and investing in new technology to serve our education service platforms. Moving into the second half of 2019, we are excited to continue integration efforts across our portfolio of international assets and partnerships. In building synergistic opportunities across the underserved cross-border education market, we are developing a platform that addresses deficiencies in the cross-border career oriented higher education landscape across the U.S. and China,” noted Dr. Jin Huang, Ambow’s President and Chief Executive Officer.

“We are pleased to announce that in June 2019, we entered into a Membership Interest Purchase Agreement with Laureate Education, to acquire 100% of the outstanding membership interest in NewSchool of Architecture and Design, LLC. NewSchool is a for-profit institution of higher education based in San Diego, California, that offers undergraduate and graduate degrees and non-degree certificates in Architecture, Design and Construction Management. The closing of this acquisition is subject to regulatory approvals. We shall continue to fortify Ambow’s cross-border interest and capabilities in higher education and career enhancement services in the future,” concluded Dr. Huang.

### Second Quarter 2019 Financial Highlights

- **Net revenues** for the second quarter of 2019 increased by 6.2% to US\$24.1 million from US\$22.7 million in the same period of 2018. This increase was mainly driven by higher student enrollment.
- **Gross profit** for the second quarter of 2019 decreased by 8.3% to US\$9.9 million from US\$10.8 million in the same period of 2018. Gross profit margin was 41.1%, compared with 47.6% for the second quarter of 2018. The decrease was primarily due to additional investments in new programs and new technology deployment.
- **Operating expenses** for the second quarter of 2019 increased by 23.5% to US\$8.4 million from US\$6.8 million for the same period of 2018. The increase of operating expenses was primarily due to more marketing activities to promote student enrollment, additional investments in new programs and new technology deployment.
- **Net income attributable to ordinary shareholders** was US\$1.3 million, or US\$0.03 per basic and diluted share, compared with a net income of US\$5.0 million, or US\$0.13 per basic and US\$0.12 per diluted share, for the second quarter of 2018.

- As of June 30, 2019, Ambow maintained strong cash resources of US\$40.3 million, comprised of cash and cash equivalents of US\$21.6 million, short-term investments of US\$14.6 million, and restricted cash of US\$4.1 million.
- As of June 30, 2019, the Company's deferred revenue balance was US\$23.0 million, representing a 27.1% increase from US\$18.1 million as of December 31, 2018, mainly attributable to the tuition and course fees collected in the K-12 business segment for the 2019-2020 academic year, deferred revenue collected from our education service platforms and the tuition fees collected for the summer semester of 2019.

### **First Six Months 2019 Financial Highlights**

- **Net revenues** for the first six months of 2019 increased by 7.5% to US\$41.4 million from US\$38.5 million in the same period of 2018. This increase was mainly driven by higher student enrollment.
- **Gross profit** for the first six months of 2019 decreased by 3.1% to US\$15.6 million from US\$16.1 million in the same period of 2018. Gross profit margin was 37.7%, compared with 41.8% for the first six months of 2018. The decrease was primarily due to additional investments in new programs and new technology deployment.
- **Operating expenses** for the first six months of 2019 increased by 27.4% to US\$17.2 million from US\$13.5 million for the same period of 2018. The increase of operating expenses was primarily due to more marketing activities to promote student enrollment, additional investments in new programs and new technology deployment.
- **Net loss attributable to ordinary shareholders** was US\$2.2 million, or US\$0.05 per basic and diluted share, compared with a net income of US\$4.0 million, or US\$0.10 per basic and diluted share, for the first six months of 2018.

Ambow will participate in the upcoming BMO Capital Markets 19th Annual Back to School Conference to be held on Thursday, September 12, 2019 at the Grand Hyatt, New York. Dr. Jin Huang will participate in a fireside chat with analysts and investors at the conference, which will begin at approximately 2:00 PM ET on September 12.

The Company's second quarter and first half 2019 financial and operating results can also be found on its Form 6-K filed with the U.S. Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

### **Exchange Rate Information**

This announcement contains translations of certain RMB amounts into U.S. dollars at a specified rate solely for the convenience of the reader. Unless otherwise noted, all amounts translated from RMB to U.S. dollars for the second quarter and first half of 2019 are based on the effective exchange rate of 6.8650 as of June 28, 2019; all amounts translated from RMB to U.S. dollars for the second quarter and first half of

2018 are based on the effective exchange rate of 6.6171 as of June 29, 2018; all amounts translated from RMB to U.S. dollars as of December 31, 2018 are based on the effective exchange rate of 6.8755 as of December 31, 2018. The exchange rates were according to the middle rate as set forth in the H.10 statistical release of the U.S. Federal Reserve Board.

### **About Ambow Education Holding Ltd.**

Ambow Education Holding Ltd. is a leading national provider of educational and career enhancement services in China, offering high-quality, individualized services and products. With its extensive network of regional service hubs complemented by a dynamic proprietary learning platform and distributors, Ambow provides its services and products to students in 30 out of the 31 provinces and autonomous regions within China.

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### **Safe Harbor Statement**

This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Among other things, the outlook and quotations from management in this announcement, as well as Ambow’s strategic and operational plans, contain forward-looking statements. Ambow may also make written or oral forward-looking statements in its reports filed or furnished to the U.S. Securities and Exchange Commission, in its annual reports to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statements, including but not limited to the following: the Company’s goals and strategies, expansion plans, the expected growth of the content and application delivery services market, the Company’s expectations regarding keeping and strengthening its relationships with its customers, and the general economic and business conditions in the regions where the Company provides its solutions and services. Further information regarding these and other risks is included in the Company’s filings with the U.S. Securities and Exchange Commission. All information provided in this press release is as of the date of this press release, and Ambow undertakes no duty to update such information, except as required under applicable law.

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

|   | As of June 30, |                | As of December 31, |
|---|----------------|----------------|--------------------|
|   | 2019           |                | 2018               |
|   | US\$           | RMB            | RMB                |
| <b>ASSETS</b>                                   |                |                |                    |
| <b>Current assets:</b>                          |                |                |                    |
| Cash and cash equivalents                       | 21,634         | 148,515        | 211,436            |
| Restricted cash                                 | 4,049          | 27,794         | 30,072             |
| Short term investments, available for sale      | 5,905          | 40,540         | 47,208             |
| Short term investments, held to maturity        | 8,740          | 60,000         | 70,000             |
| Accounts receivable, net                        | 3,170          | 21,761         | 18,132             |
| Amounts due from related parties                | 354            | 2,430          | 1,105              |
| Prepaid and other current assets, net           | 19,540         | 134,145        | 134,770            |
| Loan receivable, current                        | -              | -              | 42,677             |
| Operating lease right-of-use asset, current     | 6,095          | 41,841         | -                  |
| Finance lease right-of-use asset, current       | 87             | 600            | -                  |
| <b>Total current assets</b>                     | <b>69,574</b>  | <b>477,626</b> | <b>555,400</b>     |
| <b>Non-current assets:</b>                      |                |                |                    |
| Property and equipment, net                     | 22,354         | 153,460        | 165,933            |
| Land use rights, net                            | 259            | 1,781          | 1,804              |
| Intangible assets, net                          | 9,110          | 62,538         | 92,412             |
| Goodwill  | 13,189         | 90,543         | 73,166             |
| Deferred tax assets, net                        | 2,072          | 14,225         | 10,240             |
| Operating lease right-of-use asset, non-current | 14,324         | 98,331         | -                  |
| Finance lease right-of-use asset, non-current   | 896            | 6,150          | -                  |
| Other non-current assets, net                   | 9,875          | 67,794         | 11,264             |
| <b>Total non-current assets</b>                 | <b>72,079</b>  | <b>494,822</b> | <b>354,819</b>     |
| <b>Total assets</b>                             | <b>141,653</b> | <b>972,448</b> | <b>910,219</b>     |
| <b>LIABILITIES</b>                              |                |                |                    |
| <b>Current liabilities:</b>                     |                |                |                    |
| Deferred revenue *                              | 23,024         | 158,061        | 124,250            |
| Accounts payable *                              | 1,716          | 11,788         | 13,583             |
| Accrued and other liabilities *                 | 27,678         | 190,010        | 256,325            |
| Borrow from third party, current                | -              | -              | 41,179             |
| Income taxes payable *                          | 30,931         | 212,341        | 207,114            |
| Amounts due to related parties *                | 484            | 3,322          | 2,696              |
| Operating lease liability, current *            | 5,079          | 34,864         | -                  |
| <b>Total current liabilities</b>                | <b>88,912</b>  | <b>610,386</b> | <b>645,147</b>     |
| <b>Non-current liabilities:</b>                 |                |                |                    |
| Consideration payable for acquisitions          | 193            | 1,322          | 1,322              |
| Other non-current liabilities                   | -              | -              | 979                |
| Operating lease liability, non-current *        | 16,680         | 114,506        | -                  |
| <b>Total non-current liabilities</b>            | <b>16,873</b>  | <b>115,828</b> | <b>2,301</b>       |

|   |                |                |                |
|---|----------------|----------------|----------------|
| <b>Total liabilities</b>  | 105,785        | 726,214        | 647,448        |
| <b>EQUITY</b>   |                |                |                |
| <b>Preferred shares</b>   |                |                |                |
| (US\$ 0.003 par value; 1,666,667 shares authorized, nil issued and outstanding as of December 31, 2018 and June 30, 2019)   | -              | -              | -              |
| <b>Class A Ordinary shares</b>  |                |                |                |
| (US\$0.003 par value; 66,666,667 and 66,666,667 shares authorized, 38,756,289 and 38,804,032 shares issued and outstanding as of December 31, 2018 and June 30, 2019, respectively) | 106            | 729            | 728            |
| <b>Class C Ordinary shares</b>  |                |                |                |
| (US\$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, 2018 and June 30, 2019, respectively)     | 13             | 90             | 90             |
| Additional paid-in capital  | 511,036        | 3,508,260      | 3,507,123      |
| Statutory reserve   | 2,935          | 20,149         | 20,149         |
| Accumulated deficit   | (478,779)      | (3,286,816)    | (3,271,838)    |
| Accumulated other comprehensive income  | 784            | 5,379          | 8,305          |
| <b>Total Ambow Education Holding Ltd.'s equity</b>  | <b>36,095</b>  | <b>247,791</b> | <b>264,557</b> |
| Non-controlling interests   | (227)          | (1,557)        | (1,786)        |
| <b>Total equity</b>   | <b>35,868</b>  | <b>246,234</b> | <b>262,771</b> |
| <b>Total liabilities and equity</b>   | <b>141,653</b> | <b>972,448</b> | <b>910,219</b> |

\* All of the VIE's assets can be used to settle obligations of their primary beneficiary. Liabilities recognized as a result of consolidating these VIEs do not represent additional claims on the Company's general assets.

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

|  | Attributable to Ambow Education Holding Ltd.'s Equity |            |                         |           |                            |                    |   |  |                          |                |
|--|---|------------|-------------------------|-----------|----------------------------|--------------------|---|--|--------------------------|----------------|
|  | Class A Ordinary shares                               |            | Class C Ordinary shares |           | Additional paid-in capital | Statutory reserves | Retained Earnings (Accumulated deficit) | Accumulated other comprehensive income | Non-controlling Interest | Total Equity   |
|  | Shares  | Amount     | Shares                  | Amount    |                            |                    |   |  |                          |                |
| <b>Balance as of January 1, 2019</b>                   | <b>38,756,289</b>                                     | <b>728</b> | <b>4,708,415</b>        | <b>90</b> | <b>3,507,123</b>           | <b>20,149</b>      | <b>(3,271,838)</b>                      | <b>8,305</b>                           | <b>(1,786)</b>           | <b>262,771</b> |
| Share-based compensation                               | -   | -          | -                       | -         | 872                        | -                  | -                                       | -                                      | -                        | 872            |
| Issuance of ordinary shares for restricted stock award | 28,646  | 1          | -                       | -         | (1)                        | -                  | -                                       | -                                      | -                        | -              |
| Foreign currency translation adjustment                | -   | -          | -                       | -         | -                          | -                  | -                                       | (2,428)                                | -                        | (2,428)        |
| Unrealized gain on investment, net of income taxes     | -   | -          | -                       | -         | -                          | -                  | -                                       | 75                                     | -                        | 75             |
| Net loss   | -   | -          | -                       | -         | -                          | -                  | (23,756)                                | -                                      | (93)                     | (23,849)       |
| <b>Balance as of March 31, 2019</b>                    | <b>38,784,935</b>                                     | <b>729</b> | <b>4,708,415</b>        | <b>90</b> | <b>3,507,994</b>           | <b>20,149</b>      | <b>(3,295,594)</b>                      | <b>5,952</b>                           | <b>(1,879)</b>           | <b>237,441</b> |
| Share-based compensation                               | -   | -          | -                       | -         | 266                        | -                  | -                                       | -                                      | -                        | 266            |
| Issuance of ordinary shares for restricted stock award | 19,097  | 0          | -                       | -         | (0)                        | -                  | -                                       | -                                      | -                        | -              |
| Foreign currency translation adjustment                | -   | -          | -                       | -         | -                          | -                  | -                                       | (746)                                  | -                        | (746)          |

|  |                   |            |                  |           |                  |               |                    |               |                |                |
|--|-------------------|------------|------------------|-----------|------------------|---------------|--------------------|---------------|----------------|----------------|
| Unrealized gain on investment, net of income taxes                   | -                 | -          | -                | -         | -                | -             | -                  | 173           | -              | 173            |
| Addition of noncontrolling interests resulting from new subsidiaries | -                 | -          | -                | -         | -                | -             | -                  | -             | 502            | 502            |
| Net income (loss)  | -                 | -          | -                | -         | -                | -             | 8,778              | -             | (180)          | 8,598          |
| <b>Balance as of June 30, 2019</b>                                   | <b>38,804,032</b> | <b>729</b> | <b>4,708,415</b> | <b>90</b> | <b>3,508,260</b> | <b>20,149</b> | <b>(3,286,816)</b> | <b>5,379</b>  | <b>(1,557)</b> | <b>246,234</b> |
| <b>Balance as of January 1, 2018</b>                                 | <b>34,206,939</b> | <b>640</b> | <b>4,708,415</b> | <b>90</b> | <b>3,456,307</b> | <b>20,036</b> | <b>(3,316,715)</b> | <b>6,876</b>  | <b>(1,275)</b> | <b>165,959</b> |
| Share-based compensation   | -                 | -          | -                | -         | 616              | -             | -                  | -             | -              | 616            |
| Issuance of ordinary shares for restricted stock award               | 30,187            | 1          | -                | -         | (1)              | -             | -                  | -             | -              | -              |
| Foreign currency translation adjustment                              | -                 | -          | -                | -         | -                | -             | -                  | 3,276         | -              | 3,276          |
| Unrealized gain on investment, net of income taxes                   | -                 | -          | -                | -         | -                | -             | -                  | 64            | -              | 64             |
| Deregistration of subsidiaries                                       | -                 | -          | -                | -         | -                | -             | -                  | -             | (9)            | (9)            |
| Net (loss)/income  | -                 | -          | -                | -         | -                | -             | (7,062)            | -             | 93             | (6,969)        |
| <b>Balance as of March 31, 2018</b>                                  | <b>34,237,126</b> | <b>641</b> | <b>4,708,415</b> | <b>90</b> | <b>3,456,922</b> | <b>20,036</b> | <b>(3,323,777)</b> | <b>10,216</b> | <b>(1,191)</b> | <b>162,937</b> |
| Share-based compensation   | -                 | -          | -                | -         | 618              | -             | -                  | -             | -              | 618            |
| Issuance of ordinary shares for restricted stock award               | 30,187            | 0          | -                | -         | (0)              | -             | -                  | -             | -              | -              |
| Issuance of ordinary shares on IPO                                   | 4,140,000         | 80         | -                | -         | 46,047           | -             | -                  | -             | -              | 46,127         |
| Foreign currency translation adjustment                              | -                 | -          | -                | -         | -                | -             | -                  | (1,523)       | -              | (1,523)        |
| Unrealized gain on investment, net of income taxes                   | -                 | -          | -                | -         | -                | -             | -                  | 69            | -              | 69             |
| Buy-outs of noncontrolling interests                                 | -                 | -          | -                | -         | (2,619)          | -             | -                  | -             | (1,885)        | (4,504)        |
| Deregistration of subsidiaries                                       | -                 | -          | -                | -         | -                | -             | -                  | -             | (41)           | (41)           |
| Net income/(loss)  | -                 | -          | -                | -         | -                | -             | 33,312             | -             | (143)          | 33,169         |
| <b>Balance as of June 30, 2018</b>                                   | <b>38,407,313</b> | <b>721</b> | <b>4,708,415</b> | <b>90</b> | <b>3,500,968</b> | <b>20,036</b> | <b>(3,290,465)</b> | <b>8,762</b>  | <b>(3,260)</b> | <b>236,852</b> |

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

|   | For the six months ended June 30, |           |           | For the three months ended June 30, |          |          |
|---|-----------------------------------|-----------|-----------|-------------------------------------|----------|----------|
|   | 2019                              | 2019      | 2018      | 2019                                | 2019     | 2018     |
|   | US\$                              | RMB       | RMB       | US\$                                | RMB      | RMB      |
| <b>NET REVENUES</b>   |                                   |           |           |                                     |          |          |
| Educational program and services                                    | 41,171                            | 282,638   | 249,202   | 23,955                              | 164,453  | 147,791  |
| Intelligent program and services                                    | 199                               | 1,366     | 5,783     | 132                                 | 905      | 2,415    |
| Total net revenues  | 41,370                            | 284,004   | 254,985   | 24,087                              | 165,358  | 150,206  |
| <b>COST OF REVENUES</b>   |                                   |           |           |                                     |          |          |
| Educational program and services                                    | (25,130)                          | (172,520) | (144,268) | (13,740)                            | (94,323) | (76,192) |
| Intelligent program and services                                    | (686)                             | (4,709)   | (3,922)   | (415)                               | (2,851)  | (2,496)  |
| Total cost of revenues  | (25,816)                          | (177,229) | (148,190) | (14,155)                            | (97,174) | (78,688) |
| <b>GROSS PROFIT</b>   | 15,554                            | 106,775   | 106,795   | 9,932                               | 68,184   | 71,518   |
| <b>Operating expenses:</b>  |                                   |           |           |                                     |          |          |
| Selling and marketing   | (3,667)                           | (25,171)  | (19,227)  | (1,614)                             | (11,083) | (9,022)  |
| General and administrative  | (13,459)                          | (92,394)  | (69,155)  | (6,814)                             | (46,776) | (35,863) |
| Research and development  | (68)                              | (468)     | (827)     | (44)                                | (300)    | (384)    |
| Total operating expenses  | (17,194)                          | (118,033) | (89,209)  | (8,472)                             | (58,159) | (45,269) |
| <b>OPERATING (LOSS) INCOME</b>                                      | (1,640)                           | (11,258)  | 17,586    | 1,460                               | 10,025   | 26,249   |
| <b>OTHER INCOME (EXPENSES)</b>                                      |                                   |           |           |                                     |          |          |
| Interest income   | 221                               | 1,520     | 3,676     | 165                                 | 1,132    | 1,586    |
| Foreign exchange gain, net  | -                                 | 1         | 135       | 5                                   | 32       | 121      |
| Other income (loss), net  | 27                                | 186       | 925       | (69)                                | (474)    | 711      |
| Gain from deregistration of subsidiaries                            | 186                               | 1,279     | 3,220     | -                                   | -        | 423      |
| Gain on sale of investment available for sale                       | 61                                | 419       | 484       | 20                                  | 140      | 186      |
| Total other income  | 495                               | 3,405     | 8,440     | 121                                 | 830      | 3,027    |
| <b>(LOSS) INCOME BEFORE INCOME TAX AND NON-CONTROLLING INTEREST</b> | (1,145)                           | (7,853)   | 26,026    | 1,581                               | 10,855   | 29,276   |
| Income tax (expense) benefit  | (1,078)                           | (7,398)   | 174       | (329)                               | (2,257)  | 3,893    |
| <b>NET (LOSS) INCOME</b>  | (2,223)                           | (15,251)  | 26,200    | 1,252                               | 8,598    | 33,169   |
| Less: Net (loss) attributable to non-controlling interest           | (40)                              | (273)     | (50)      | (26)                                | (180)    | (143)    |
| <b>NET (LOSS) INCOME ATTRIBUTABLE TO</b>                            | (2,183)                           | (14,978)  | 26,250    | 1,278                               | 8,778    | 33,312   |

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|   |            |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|------------|
| <b>NET (LOSS) INCOME</b>  | (2,223)    | (15,251)   | 26,200     | 1,252      | 8,598      | 33,169     |
| <b>OTHER<br/>COMPREHENSIVE<br/>INCOME, NET OF TAX</b>                           |            |            |            |            |            |            |
| Foreign currency translation adjustments  | (462)      | (3,174)    | 1,753      | (109)      | (746)      | (1,523)    |
| Unrealized gains on short term investments                                      |            |            |            |            |            |            |
| Unrealized holding gains arising during period                                  | 102        | 700        | 380        | 61         | 420        | 173        |
| Less: reclassification adjustment for gains included in net income              | 66         | 452        | 247        | 36         | 247        | 104        |
| Other comprehensive (loss) income   | (426)      | (2,926)    | 1,886      | (84)       | (573)      | (1,454)    |
| <b>TOTAL<br/>COMPREHENSIVE<br/>(LOSS) INCOME</b>                                | (2,649)    | (18,177)   | 28,086     | 1,168      | 8,025      | 31,715     |
| Net (loss) income per share - basic   | (0.05)     | (0.34)     | 0.67       | 0.03       | 0.20       | 0.83       |
| Net (loss) income per share - diluted   | (0.05)     | (0.34)     | 0.66       | 0.03       | 0.20       | 0.83       |
| Weighted average shares used in calculating basic net (loss) income per share   | 43,469,610 | 43,469,610 | 39,464,021 | 43,503,109 | 43,503,109 | 39,996,374 |
| Weighted average shares used in calculating diluted net (loss) income per share | 43,469,610 | 43,469,610 | 39,805,975 | 43,647,645 | 43,647,645 | 40,324,108 |

**Discussion of Segment Operations**  
(All amounts in thousands)

|                                     | For the six months ended June 30, |             |             | For the three months ended June 30, |             |             |
|-------------------------------------|-----------------------------------|-------------|-------------|-------------------------------------|-------------|-------------|
|                                     | 2019<br>US\$                      | 2019<br>RMB | 2018<br>RMB | 2019<br>US\$                        | 2019<br>RMB | 2018<br>RMB |
| <b>NET REVENUES</b>                 |                                   |             |             |                                     |             |             |
| K-12 Schools *                      | 21,990                            | 150,958     | 134,669     | 12,697                              | 87,165      | 82,492      |
| College Preparation & CE Programs * | 19,380                            | 133,046     | 120,316     | 11,390                              | 78,193      | 67,714      |
| Total net revenues                  | 41,370                            | 284,004     | 254,985     | 24,087                              | 165,358     | 150,206     |
| <b>COST OF REVENUES</b>             |                                   |             |             |                                     |             |             |
| K-12 Schools *                      | (13,123)                          | (90,093)    | (76,646)    | (6,962)                             | (47,797)    | (40,540)    |
| College Preparation & CE Programs * | (12,693)                          | (87,136)    | (71,544)    | (7,193)                             | (49,377)    | (38,148)    |
| Total cost of revenues              | (25,816)                          | (177,229)   | (148,190)   | (14,155)                            | (97,174)    | (78,688)    |

**GROSS PROFIT**

|                                     |        |         |         |       |        |        |
|-------------------------------------|--------|---------|---------|-------|--------|--------|
| K-12 Schools *                      | 8,867  | 60,865  | 58,023  | 5,735 | 39,368 | 41,952 |
| College Preparation & CE Programs * | 6,687  | 45,910  | 48,772  | 4,197 | 28,816 | 29,566 |
| Total gross profit                  | 15,554 | 106,775 | 106,795 | 9,932 | 68,184 | 71,518 |

\* Ambow previously had three reportable segments, including Better School, Better Job and Others for the years before 2019. In 2019, along with the shift of business development focus, Ambow changed its management approach in the way to organize reportable segments to make operating decisions and assess performance. New reportable segments include K-12 schools and College Preparation & CE Programs, which provide K-12 educational service and tutoring and vocational educational services respectively.