

Press Release

Yuanfudao Closes \$120 Million New Round of Financing

- ***Financing Led by Warburg Pincus and Joined by Tencent***
- ***Company Becomes China's 1st "Unicorn" Online K-12 Tutoring Platform***

Beijing, May 31, 2017 --- Yuanfudao, China's leading online tutoring service provider, announced today that it has closed its \$120 million new round of financing, the largest financing round in China's online tutoring industry. The financing, led by an affiliate of Warburg Pincus and joined by existing investor Tencent, has made Yuanfudao China's first online K-12 tutoring service provider with a valuation exceeding \$1 billion.

Founded in 2012, Yuanfudao (<http://yuanfudao.com/>) is the largest online live course platform servicing primary and secondary school students in China. With a paying user base of over 1 million, Yuanfudao offers a comprehensive curriculum spanning from primary school English, Mathematical Olympiad to all-subject courses in secondary school. Its unique online feature and large pool of quality teachers enable students to access live online tutoring at home taught by national renowned teachers, benefiting hundreds of thousands of students across the country.

In addition to the experienced tutoring team, Yuanfudao also excels at curriculum design and research by utilizing existing big data from the company's other two platforms, Yuantiku (self-practice problem set tool) and Xiaoyuansouti (problem solver search tool). Through its innovative online class format and services, Yuanfudao not only provides students with an interactive and enjoyable learning experience, but also improves results with a high level of attendance and engagement.

Mr. Yong Li, Chief Executive Officer of Yuanfudao, said, "After five years of relentless effort in innovating our online tutoring offerings, especially in the K-12 sector, our hard work has finally paid off. The solid foundation laid out by the Yuanfudao team will enable us to further enhance our competitive edge in online learning, driven by our shared high-quality online resources and the digitization of learning behaviors of Chinese users."

"We are strong believers in the wider adoption of online learning with the growing number of internet-savvy young parents, and we are glad that our investors share the same vision. We are proud to welcome Warburg Pincus on board and we will continue to work with our investors to unlock the vast potential in online learning," added Mr. Li.

Mr. Gordon Ding, Managing Director of Warburg Pincus, commented, "Education is a lasting theme in every Chinese family with significant investment, and Yuanfudao has established itself as a pioneer in China's online education sector with a mature business model, leading scale and brand. Unlike the traditional tutoring model, which requires intensive offline resources, online learning is becoming a primary choice of Chinese families thanks to its easy access and high efficiency."

"We are confident in Yuanfudao's competitive edge in both content delivery and technological capabilities, which innovate the learning experience and create value. We are delighted to partner with Yuanfudao, and will leverage our industry network and resources to provide full support for the company's future development," added Mr. Ding.

Yuanfudao has previously received financing from IDG Capital, Matrix Partners China, New Horizon Capital, CMC and Tencent. The company's three mobile apps, Yuanfudao, Yuantiku and Xiaoyuansouti, currently have over 160 million of student users. In addition, the company's independent online professional test preparation platform, Fenbi, is a leader in China's civil service test preparation market with the largest number of enrollments and the leading brand.

Warburg Pincus is a leading global private equity firm focused on growth investing. The firm has more than \$44 billion in private equity assets under management. The firm has been a leading investor in the technology, media and telecommunications (TMT) sectors for more than 25 years. Since inception, Warburg Pincus has invested over \$16 billion in more than 300 TMT companies. Since entering the Chinese market in 1994, the firm has invested over \$7 billion in nearly 100 companies in China, including leading technology and internet companies 58.com, RDA Microelectronics, Uxin, Liepin and Weidian. The firm's over 30 portfolio companies in China include China Huarong, UCAR, Baosteel Gases, ZTO Express, Red Star Mecalline, Kidswant, Amcare, Evercare, China Jinmao, Mofang Apartment, Mobike, NIO and Souche.

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