UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(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, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission file number: 001-39742

17 Education & Technology Group Inc.

(Exact Name of Registrant as Specified in Its Charter)

N/A

(Translation of Registrant's Name into English)

Cayman Islands

(Jurisdiction of Incorporation or Organization)

16/F, Block B, Wangjing Greenland Center
Chaoyang District, Beijing 100102
People's Republic of China

(Address of Principal Executive Offices)

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(Name, Telephone, Email 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, each representing fifty Class A ordinary shares, par value US$0.0001 per share	**YQ**	**The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)**
Class A ordinary shares, par value US$0.0001 per share*		**The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)**

* Not for trading, but only in connection with the listing our American depositary shares on the Nasdaq Global Select Market, each American depositary shares representing fifty 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)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2025, there were 542,229,838 ordinary shares outstanding, being the sum of 342,229,838 Class A ordinary shares and 200,000,000 Class B ordinary shares.

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 definition of "accelerated filer and large 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 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. ☐

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 been 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

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. ☐Yes ☐No

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INTRODUCTION

Unless otherwise indicated or the context otherwise requires, references in this annual report on Form 20-F to:

- "17 Education & Technology," "we," "us," "our company" and "our" are to 17 Education & Technology Group Inc., our Cayman Islands holding company and its subsidiaries, and, in the context of describing our operations and consolidated financial information, the VIEs and the subsidiaries of the VIEs;
- "ADRs" are to the American depositary receipts that may evidence the ADSs;
- "ADSs" are to the American depositary shares, each of which represents fifty Class A ordinary shares;
- "AI" are to artificial intelligence;
- "China" or "PRC" refers to the People's Republic of China, including Hong Kong, Macau and Taiwan; and "mainland China" refers to the People's Republic of China, excluding Hong Kong, Macau and Taiwan;
- "Class A ordinary shares" are to our Class A ordinary shares, par value US$0.0001 per share;
- "Class B ordinary shares" are to our Class B ordinary shares, par value US$0.0001 per share;
- "our WFOEs" are to Shanghai Yiqi Zuoye Information Technology Co., Ltd., Guangzhou Qixiang Technology Co., Ltd., Guangzhou Qixuan Education & Technology Co., Ltd., Beijing Yiqi Education & Technology Co., Ltd. and Beijing Yiqi Hangfan Technology Co., Ltd. (each of which, "our WFOE");
- "primary beneficiary of VIEs" are to Shanghai Yiqi Zuoye Information Technology Co., Ltd., Guangzhou Qixiang Technology Co., Ltd., Guangzhou Qixuan Education & Technology Co., Ltd. and Beijing Yiqi Hangfan Technology Co., Ltd.;
- "RMB" and "Renminbi" are to the legal currency of mainland China;
- "SaaS" are to software as a service;
- "shares" or "ordinary shares" are to our Class A and Class B ordinary shares, par value US$0.0001 per share;
- "US$," "U.S. dollars," "$," and "dollars" are to the legal currency of the United States; and
- "VIEs" are to variable interest entities, and "the VIEs" are to Shanghai Hexu Information Technology Co., Ltd., Beijing Yiqi Education Information Consultation Co., Ltd., Beijing Qili Technology Co., Ltd., Beijing Yiqi Education Technology Development Co., Ltd. and Guangzhou Qili Technology Co., Ltd. (each of which, "a VIE").

Any discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

Our reporting currency is Renminbi because our business is mainly conducted through the VIEs and their subsidiaries in mainland China. This annual report on Form 20-F contains translations from RMB to U.S. dollars solely for the convenience of the reader. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report are made at a rate of RMB6.9931 to US$1.00, the exchange rate in effect as of December 31, 2025 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all.

FORWARD-LOOKING INFORMATION

This annual report on Form 20-F contains forward-looking statements that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled "Item 3. Key Information—D. Risk Factors," "Item 4. Information on the Company—B. Business Overview," and "Item 5. Operating and Financial Review and Prospects." Known and unknown risks, uncertainties and other factors, including those listed under "Item 3. Key Information—D. Risk Factors," may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- relevant government policies and regulations relating to our industry and our ability to adapt our operations and business practices to the evolving regulatory environment of mainland China;
- our mission, goals and strategies;
- our future business development, financial condition and results of operations;
- the expected growth of the industries we operate in;
- the success of operating initiatives, including new product and content development by us and our competitors;
- our expectations regarding the prospects of our business model and the demand for and market acceptance of our products and services;
- our expectations regarding maintaining and strengthening our relationships with students, teachers, parents, schools, business partners and other stakeholders;
- competition in the industries we operate in;
- general economic and business conditions globally and in mainland China; and
- assumptions underlying or related to any of the foregoing.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in "Item 3. Key Information—D. Risk Factors," "Item 4. Information on the Company—B. Business Overview," "Item 5. Operating and Financial Review and Prospects," and other sections in this annual report. You should read thoroughly this annual report and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents that we refer to in this annual report and have filed as exhibits to this annual report completely and with the understanding that our actual future results may be materially different from what we expect.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

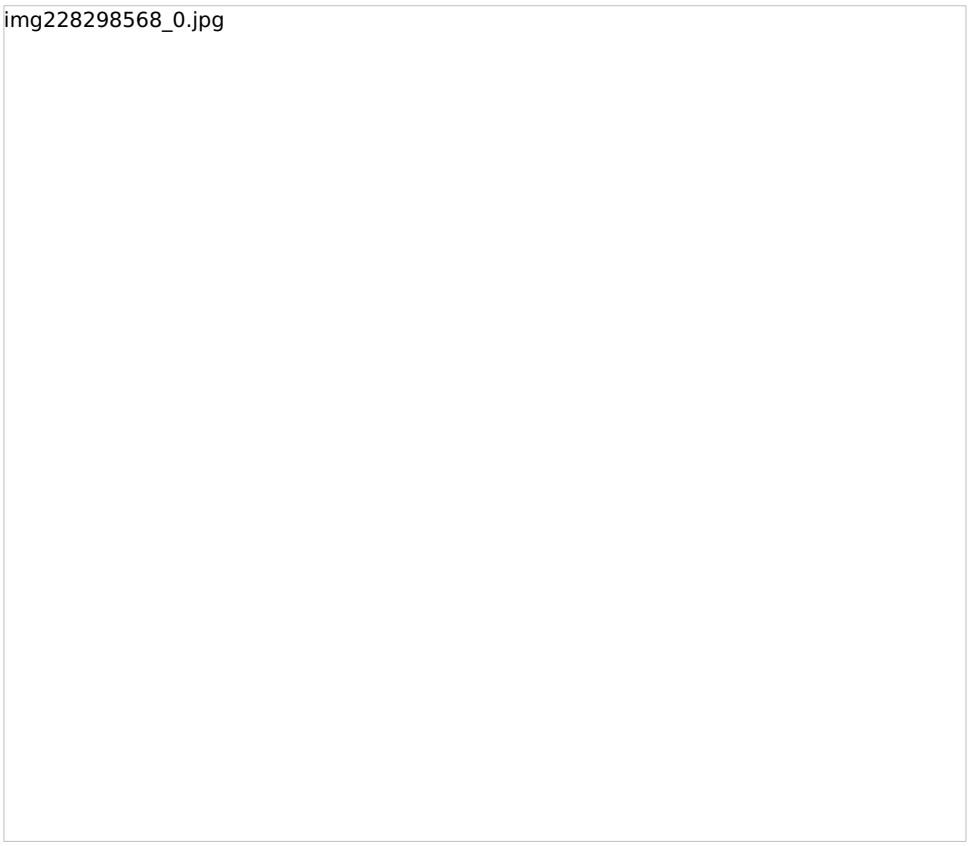
ITEM 3. KEY INFORMATION

Our Holding Company Structure and Contractual Arrangements with the VIEs

17 Education & Technology Group Inc. is not an operating company in mainland China but a Cayman Islands holding company with no equity ownership in the VIEs. We conduct our business in mainland China through (i) our mainland China subsidiaries, (ii) the VIEs with which we have maintained contractual arrangements, and (iii) the subsidiaries of the VIEs. Laws and regulations of mainland China restrict and impose conditions on foreign investment in value-added telecommunications services and certain other businesses. Accordingly, we operate these businesses in mainland China through the VIEs, and rely on contractual arrangements among our WFOEs, the VIEs and their respective shareholders to control the business operations of the VIEs and their subsidiaries. This structure involves unique risks to investors. Investors in our ADSs are not purchasing equity interest in the VIEs in mainland China, but are instead purchasing equity interest in a holding company incorporated in the Cayman Islands. The VIE structure is used to provide investors with exposure to foreign investment in China-based companies where Chinese law prohibits direct foreign investment in the operating companies. If the PRC government determines that the contractual arrangements constituting part of the VIE structure do not comply with PRC laws and regulations, or if these laws and regulations change or are interpreted differently in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. The PRC regulatory authorities could disallow the VIE structure, which would likely result in a material adverse change in our operations, and our ADSs may decline significantly in value or become worthless. Revenues contributed by the VIEs and their subsidiaries accounted for 98.3%, 98.5% and 97.9% of our total revenues for 2023, 2024 and 2025, respectively. As used in this annual report, “we,” “us,” “our company” and “our” refers to 17 Education & Technology Group Inc., our Cayman Islands holding company and its subsidiaries, and, in the context of describing our operations and consolidated financial information, the VIEs and the subsidiaries of the VIEs.

A series of contractual agreements, including proxy agreements and powers of attorney, equity interest pledge agreements, exclusive management services and business cooperation agreements, and exclusive call option agreements, have been entered into by and among our WFOEs, the VIEs and their respective shareholders. Terms contained in each set of contractual arrangements with the VIEs and their respective shareholders are substantially similar. As a result of the contractual arrangements, we have the power to direct the activities of the VIEs that most significantly affect the economic performances of the VIEs and are entitled to receive the economic benefits of the VIEs that could potentially be significant to the VIEs. Therefore, we have determined that we are the primary beneficiary of the VIEs for accounting purposes in accordance with ASC 810, Consolidations under U.S. GAAP, and have consolidated the VIEs’ results of operations, assets and liabilities in our consolidated financial statements for all the periods presented. Neither we nor our investors have an equity ownership in, direct foreign investment in, or control through such ownership or investment of, the VIEs, and the contractual arrangements are not equivalent to an equity ownership in the business of the VIEs. The entity in which investors own or can purchase their interest is 17 Education & Technology Group Inc., our Cayman Island holding company, whereas the entities in which we conduct our operations include (i) our mainland China subsidiaries, (ii) the VIEs with which we have maintained contractual arrangements, and (iii) the subsidiaries of the VIEs. For more details of these contractual arrangements, see “Item 4. Information on the Company—C. Organizational Structure.”

The following diagram illustrates our corporate structure, including our principal subsidiaries and other entities that are material to our business, as of the date of this annual report:



Notes:

(1)Shareholders of Shanghai Hexu and their respective shareholdings in Shanghai Hexu and relationship with our company are (i) Mr. Andy Chang Liu (99.0%), our founder, chairman and chief executive officer; and (ii) Mr. Zhan Xie (1.0%), a relative of Mr. Andy Chang Liu.

(2)Shareholders of Beijing Yiqi Information and their respective shareholdings in Beijing Yiqi Information are (i) Mr. Andy Chang Liu (99.0%), and (ii) Mr. Zhan Xie (1.0%).

(3)Shareholders of Beijing Qili and their respective shareholdings in Beijing Qili are (i) Mr. Andy Chang Liu (99.0%), and (ii) Mr. Zhan Xie (1.0%).

(4)Shareholders of Guangzhou Qili and their respective shareholdings in Guangzhou Qili are (i) Mr. Andy Chang Liu (99.0%), and (ii) Mr. Zhan Xie (1.0%).

(5)Shareholders of Beijing Yiqi Development and their respective shareholdings in Beijing Yiqi Development are (i) Mr. Andy Chang Liu (99.0%), and (ii) Mr. Zhan Xie (1.0%).

The following is a summary of the currently effective contractual arrangements among our WFOEs, the VIEs and their respective shareholders:

(i)a series of powers of attorney, pursuant to which, the shareholders of the VIEs irrevocably authorized our WFOEs, or any person designated by our WFOEs, to act as their attorney-in-fact to exercise all of their rights as the shareholders of the VIEs.

(ii)a series of equity interest pledge agreements, pursuant to which, the shareholders of the VIEs have pledged 100% equity interests in the VIEs to our WFOEs to guarantee performance by the VIEs and the shareholders of the VIEs, as applicable, of their obligations under the powers of attorney, the exclusive management services and business cooperation agreements and the exclusive call option agreements.

(iii)a series of exclusive management services and business cooperation agreements, pursuant to which, our WFOEs have the exclusive right to provide the VIEs with operational supports as well as consulting and technical services required by the VIEs' business. Without our WFOEs' prior written consent, the VIEs may not accept the same or similar operational supports as well as consulting and technical services provided by any third party during the term of the agreements. Further, pursuant to such exclusive management services and business cooperation agreements, other than the exclusive management services and business cooperation agreement among Shanghai WFOE, Shanghai Hexu and certain subsidiaries of Shanghai Hexu, the VIEs irrevocably granted the WFOEs an exclusive option to purchase all or part of their assets.

(iv)a series of exclusive call option agreements, pursuant to which, the shareholders of the VIEs irrevocably granted our WFOEs an exclusive option to purchase all or part of their equity interests in the VIEs; and pursuant to the exclusive call option agreement among Shanghai WFOE, Shanghai Hexu and Shanghai Hexu's shareholders, Shanghai Hexu irrevocably granted Shanghai WFOE an exclusive option to purchase all or part of its assets.

(v)a series of spousal consent letters, whereby the spouses of the shareholders of the VIEs agreed that the equity interests in the VIEs held by and registered under the name of the respective shareholders will be disposed pursuant to the contractual agreements with our WFOEs and they agreed not to assert any rights over the equity interest in the VIEs.

For more details of these contractual agreements, see "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Respective Shareholders."

However, the contractual arrangements may not be as effective as direct ownership in providing us with control over the VIEs. The shareholders of the VIEs may have potential conflicts of interest with us. We may incur substantial costs to enforce the terms of the arrangements. If the VIEs or the shareholders of the VIEs fail to perform their respective obligations under the contractual arrangements, our ability to enforce the contractual arrangements could be limited. In addition, these agreements have not been tested in mainland China courts. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the VIEs and their shareholders for our business operations, which may not be as effective as direct ownership." and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—The shareholders of the VIEs may have actual or potential conflicts of interest with us, which may materially and adversely affect our business and financial condition."

There are also substantial uncertainties regarding the interpretation and application of current and future laws, regulations and rules of mainland China regarding the status of the rights of our Cayman Islands holding company with respect to its contractual arrangements with the VIEs and their respective shareholders. It is uncertain whether any new laws or regulations of mainland China relating to VIE structures will be adopted or if adopted, what they would provide. If we or the VIEs are found to be in violation of any existing or future laws or regulations of mainland China, or fail to obtain or maintain any of the required permits or approvals, the relevant Chinese regulatory authorities would have broad discretion to take action in dealing with such violations or failures. If the Chinese government deems that our contractual arrangements with the VIEs do not comply with regulatory restrictions of mainland China on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company, our mainland China subsidiaries, the VIEs, and investors of our company face uncertainty about potential future actions by the Chinese government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a whole. As of the date of this annual report, these agreements have not been tested in a court of law. A significant amount of our assets, including the necessary licenses to conduct business in mainland China, are held by the VIEs and their subsidiaries. Substantially all of our revenues are generated by the VIEs and their subsidiaries. Our ADSs may decline in value or become worthless if we are unable to assert our contractual rights over the VIEs. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating certain of our operations in mainland China do not

comply with regulations of mainland China relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations."

Other Risks Related to Our PRC Operations

We face various risks and uncertainties related to doing business in mainland China. Our business operations are primarily conducted in mainland China through the VIEs and their subsidiaries, and we are subject to complex and evolving laws and regulations of mainland China. For example, we face risks associated with regulatory approvals on offshore offerings, anti-monopoly regulatory actions, and oversight on cybersecurity and data privacy. These risks could result in a material adverse change in our operations and the value of our ADSs, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline. With respect to the legal risks associated with being based in and having operations in mainland China, the laws, regulations and the discretion of Chinese governmental authorities discussed in this annual report are expected to apply to mainland China entities and businesses, rather than entities or businesses in Hong Kong, which operate under a different set of laws from mainland China. There are relevant laws and regulations in Hong Kong regarding data protection, such as the Personal Data (Privacy) Ordinance and the Unsolicited Electronic Messages Ordinance which impose protocols and obligations regarding the handling of personal data including that, among other things, (i) personal data shall be collected for a lawful purpose, necessary and not excessive, (ii) personal data shall be collected by means that are lawful and fair in the circumstances of the case, (iii) the person from whom personal data is collected is informed of the purpose of collecting the data, and (iv) personal data shall not be used for any new purpose which is not or is unrelated to the original purpose when collecting the data, unless with the data subject's express and voluntary consent. As of the date of this annual report, although certain of our subsidiaries are holding companies located in Hong Kong, we do not conduct external business operations or engage in revenue-generating activities with external third parties in Hong Kong. Any services provided by such Hong Kong subsidiaries are limited to internal support services rendered to other entities within our Group. Therefore, regulatory actions related to data protection or anti-monopoly concerns in Hong Kong do not have a material impact on our ability to conduct business, accept foreign investment in the future or continue to list on a United States stock exchange. However, if we conduct business operations and access bulk data in Hong Kong in the future, we may be required to incur additional cost to ensure our compliance with such laws and regulations, and any violation could result in a material adverse impact on our ability to conduct business, accept foreign investment or continue to list on a United States stock exchange. For a detailed description of risks related to doing business in China, please refer to risks disclosed under "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China."

PRC government's significant authority in regulating our operations and its oversight and control over offerings conducted overseas by, and foreign investment in, China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. Implementation of industry-wide regulations, including data security or anti-monopoly related regulations, in this nature may cause the value of such securities to significantly decline. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government's significant oversight over our business operations could result in a material adverse change in our operations and the value of our ADSs."

Risks and uncertainties arising from the legal system in mainland China, including risks and uncertainties regarding the enforcement of laws and quickly evolving rules and regulations in mainland China, could result in a material adverse change in our operations and the value of our ADSs. For more details, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Evolution of the mainland China legal system could adversely affect us."

Permissions Required from Chinese Authorities for Our Operations

Our operations in mainland China are governed by laws and regulations of mainland China. Based on the advice of our PRC legal counsel, Tian Yuan Law Firm, we believe that, as of the date of this annual report, except for issues with respect to the filings associated with our mobile apps, the Publishing License, the License for Online Transmission of Audio-Visual Programs, the private school operating permit, the Online Publishing Service Permit and the security assessment and algorithm filing related to AI services, our mainland China subsidiaries and the VIEs have obtained all the permissions and approvals from the relevant Chinese government authorities that are necessary for the business operations of our holding company and the VIEs in mainland China, namely, the Value-added Telecommunications Business Operating License and the Publication Operation License. For issues with respect to the filings associated with our mobile apps, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Uncertainties exist in relation to the interpretation

and implementation of, and proposed changes to, the PRC regulatory requirements regarding in-school educational solutions and after-school educational products and services, which may materially and adversely affect our business, financial condition and results of operations." For issues with respect to the Publishing License, the License for Online Transmission of Audio-Visual Programs, the private school operating permit, and the Online Publishing Service Permit, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We face uncertainties with respect to the development of regulatory requirements on operating licenses and permits for our online education services in mainland China. Failure to renew and maintain requested licenses or permits in a timely manner or obtain newly required ones due to adverse changes in regulations or policies could have a material adverse impact on our business, financial condition and results of operations." For issues with respect to the security assessment and algorithm filing related to AI services, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—The artificial intelligence industry is subject to evolving and extensive regulations. The adoption and use of artificial intelligence in our product offerings may subject us to potential infringement claims and increase our regulatory compliance costs." Given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by relevant government authorities, we may be required to obtain additional licenses, permits, filings or approvals for the functions and services of our platform in the future.

Furthermore, recent legal developments in mainland China have created compliance uncertainty regarding issuances of securities to foreign investors. Chinese governmental authorities have recently promulgated laws, regulations and regulatory rules of mainland China, relating to cybersecurity review and overseas listing. In connection with our historical issuance of securities to foreign investors, under current laws, regulations and regulatory rules of mainland China, as of the date of this annual report, we, our mainland China subsidiaries and the VIEs, (i) have not been required to obtain permissions from the China Securities Regulatory Commission, or the CSRC, (ii) have not been required to go through cybersecurity review by the Cyberspace Administration of China, and (iii) have not been required to obtain or were denied any requisite permissions by any Chinese authority.

However, the PRC government has recently indicated an intent to exert more oversight and control over offerings that are conducted overseas by, and foreign investment in, China-based issuers, such that we may be required to complete filing with or obtain permissions from the relevant Chinese authorities in connection with any future overseas capital raising activities. Any such action could significantly limit or completely hinder our ability to conduct future offerings of securities to investors and accept foreign investments. Based on the consultation with competent government authorities, under the currently effective laws and regulations in mainland China, as a company that has been listed on the Nasdaq Stock Market before the promulgation of the Revised Cybersecurity Review Measures, we, our subsidiaries and the VIEs are not required to go through a cybersecurity review by the Cyberspace Administration of China to conduct a security offering or maintain our listing status on the Nasdaq Stock Market. According to the press conference held by CSRC for the release of the Overseas Listing Trial Measures, as our ADSs have been listed on the Nasdaq Stock Market prior to March 31, 2023, the effective date of the Overseas Listing Trial Measures, we will be deemed as an "existing issuer" and are not required to complete the filing procedures with the CSRC for our historical issuance of securities to foreign investors. However, we will be required to complete the filing procedures with the CSRC for our overseas offering of equity and equity linked securities in the future within the applicable scope of the Overseas Listing Trial Measures. We cannot assure you that we would be able to comply with such regulatory guidance or any other new requirements relating to any of our potential future overseas capital raising activities. Any failure to obtain or delay in obtaining such approval or completing such procedures would subject us to sanctions by the CSRC, the Cyberspace Administration of China or other Chinese regulatory authorities. These regulatory authorities may impose fines and penalties on our mainland China subsidiaries or the VIEs or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our ADSs.

If we, our mainland China subsidiaries and the VIEs (i) do not receive or maintain any necessary permissions or approvals from PRC authorities to operate business or offer securities, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) if applicable laws, regulations, or interpretations change and we are required to obtain such permissions or approvals in the future, we cannot assure you that we will be able to obtain the necessary permissions or approvals in a timely manner, or at all, and such approvals may be rescinded even if obtained. Any such circumstance could subject us to penalties, including fines, suspension of business and revocation of required licenses, significantly limit or completely hinder our ability to continue to offer securities to investors, and cause the value of such securities to significantly decline or become worthless. For more information, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Uncertainties exist in relation to the interpretation and implementation of, and proposed changes to, the PRC regulatory requirements regarding in-school educational solutions and after-school educational products and

services, which may materially and adversely affect our business, financial condition and results of operations," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We face uncertainties with respect to the development of regulatory requirements on operating licenses and permits for our online education services in mainland China. Failure to renew and maintain requested licenses or permits in a timely manner or obtain newly required ones due to adverse changes in regulations or policies could have a material adverse impact on our business, financial condition and results of operations," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We are subject to a variety of laws and other obligations regarding data protection. Many of these laws and regulations are subject to change and uncertain interpretation, and any actual or alleged failure to comply with applicable laws and obligations could have a material adverse effect on our business, financial condition and results of operations" and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval and/or other requirements of the CSRC or other Chinese governmental authorities may be required in connection with an offering under rules, regulations or policies of mainland China, and, if required, we cannot predict whether or how soon we will be able to obtain such approval or complete such other requirements." Any actions by the government to exert more oversight and regulation over offerings that are conducted overseas and/or foreign investment could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless.

The Holding Foreign Companies Accountable Act

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, as amended by the Consolidated Appropriations Act, 2023, if the Securities and Exchange Commission, or the SEC, determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the Public Company Accounting Oversight Board, or the PCAOB, for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 29, 2022, the Consolidated Appropriations Act, 2023, was signed into law, which (i) reduced the number of consecutive non-inspection years required for triggering the trading prohibition under HFCAA from three years to two, and (ii) clarified that the PCAOB may determine that it is unable to inspect or investigate completely registered public accounting firms in certain jurisdictions because of positions taken by any foreign authority, not only an authority in the location in which the firms are headquartered or in which they have a branch or office.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, including our auditor. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we were not identified as a Commission-Identified Issuer under the HFCAA after we filed our annual reports on Form 20-F for the fiscal years ended December 31, 2022, 2023 and 2024, and do not expect to be so identified after we file this annual report on Form 20-F for the fiscal year ended December 31, 2025.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections." and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment."

Cash Flows through Our Organization

17 Education & Technology Group Inc. is a holding company with no operations of its own. We conduct our business in mainland China through our subsidiaries and the VIEs in mainland China. As a result, although other means are available for us to obtain financing at the holding company level, 17 Education & Technology Group Inc.'s ability to pay dividends to the shareholders and to service any debt it may incur may depend upon dividends paid by our mainland China subsidiaries and service fees paid by the VIEs. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to 17 Education & Technology Group Inc. In addition, our mainland subsidiaries are permitted to pay dividends to 17 Education & Technology Group Inc. only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Further, our mainland China subsidiaries and VIEs are required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. For more details, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Holding Company Structure."

Under PRC laws and regulations, our mainland China subsidiaries and VIEs are subject to certain restrictions with respect to paying dividends or otherwise transferring any of their net assets to us. Remittance of dividends by a wholly foreign-owned enterprise out of mainland China is also subject to examination by the banks designated by the State Administration of Foreign Exchange, or the SAFE. The amounts restricted include the paid-in capital and the statutory reserve funds of our mainland China subsidiaries and the VIEs in which we have no legal ownership, totaling RMB4,289.3 million, RMB4,448.7 million and RMB4,521.1 million (US$646.5 million) as of December 31, 2023, 2024 and 2025, respectively. Furthermore, cash transfers from our mainland China subsidiaries and the VIEs to entities outside of mainland China are subject to PRC government controls on currency conversion. To the extent cash in our business is in mainland China or a mainland China entity, such cash may not be available to fund operations or for other use outside of mainland China due to restrictions and limitations imposed by the governmental authorities on currency conversion, cross-border transactions and cross-border capital flows. Shortages in the availability of foreign currency may temporarily delay the ability of our mainland China subsidiaries and the VIEs to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations. In view of the foregoing, to the extent cash in our business is held in mainland China or by a mainland China entity, such cash may not be available to fund operations or for other use outside of mainland China. As of the date of this annual report, there is not equivalent or similar restriction or limitation in Hong Kong on cash transfers in, or out of, our Hong Kong entities. However, if restrictions or limitations were to become applicable to cash transfers in and out of Hong Kong entities in the future, the funds in our Hong Kong entities may not be available to fund operations or for other use outside of Hong Kong. For risks relating to the fund flows of our operations in mainland China, see "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business. To the extent cash in our business is in mainland China or Hong Kong or an entity in mainland China or Hong Kong, such cash may not be available to fund operations or for other use outside of mainland China or Hong Kong due to interventions, restrictions and limitations imposed by the governmental authorities on the ability of us, our subsidiaries, or the VIEs to transfer cash," "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Governmental regulation of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment," "Item 3. Key Information—Risk Factors—Risks Related to Doing Business in China—Mainland China regulation of loans to and direct investment in mainland China entities by offshore holding companies and governmental regulation of currency conversion may delay or prevent us from making loans or additional capital contributions to our mainland China subsidiaries and the VIEs in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business" and "Introduction—Summary of Risk Factors—Risks Related to Doing Business in China."

We have established stringent controls and procedures for cash flows within our organization. Each transfer of cash between our Cayman Islands holding company and a subsidiary, the VIEs or the subsidiaries of the VIEs is subject to internal approval. The cash of our group is under the unified management of our finance department, and is dispatched and applied to each operating entity based on the budget and operating conditions of the specific operating entity. Each cash requirement, after it is raised by an operating entity, is required to go through a two-level review process of our finance department. The funding team of the finance department will allocate the cash to the operating entity after the application for cash requirement is approved by the responsible person in the finance department. The controls and procedures on cash transfers in the policy adhere to relevant regulatory requirements. Under PRC law, 17 Education & Technology Group Inc. may provide funding to our

PRC subsidiaries only through capital contributions or loans, and to the VIEs only through loans, subject to satisfaction of applicable government registration and approval requirements. For the years ended December 31, 2023, 2024 and 2025, 17 Education & Technology Group Inc. made capital contributions in the amount of nil, nil and nil to our subsidiaries, respectively. For the years ended December 31, 2023, 2024 and 2025, the VIEs received debt financing of RMB0.6 million, RMB22.8 million and nil from the primary beneficiary of VIEs, respectively. The VIEs may transfer cash to the primary beneficiary of the VIEs by paying service fees according to the exclusive management services and business cooperation agreements. For the years ended December 31, 2023, 2024 and 2025, cash paid by the VIEs to the primary beneficiary of the VIEs for service fees were RMB44.2 million, RMB18.2 million and RMB61.2 million (US$8.8 million), respectively. The relevant WFOEs will determine the service fees payable by the VIEs based on the factors stipulated in the VIE agreements. If there is any amount payable to the relevant WFOEs under the VIE agreements, the VIEs will settle the amount accordingly, in compliance with PRC laws and regulations. For more details regarding our intragroup cash flow, see the condensed consolidating schedules and statements under “Financial Information Related to the VIEs.”

In addition, our board of directors has discretion on whether to distribute dividends, subject to certain requirements of Cayman Islands law. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the underlying Class A ordinary shares represented by the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the underlying Class A ordinary shares represented by the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Item 8. Financial Information—A. Consolidated Statements and other Financial Information—Dividend Policy.”

17 Education & Technology Group Inc. has not declared or paid any cash dividends, nor does it have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Dividend Policy.” For PRC and United States federal income tax considerations of an investment in our ADSs, see “Item 10. Additional Information—E. Taxation.”

For purposes of illustration, the following discussion reflects the hypothetical taxes that might be required to be paid within mainland China, assuming that: (i) we have taxable earnings, and (ii) we determine to pay a dividend in the future:

	Tax calculation[(1)]
Hypothetical pre-tax earnings[(2)]	100%
Tax on earnings at statutory rate of 25%[(3)]	(25)%
Net earnings available for distribution 75%	75%
Withholding tax at standard rate of 10%[(4)]	(7.5)%
Net distribution to Parent/Shareholders	67.5%

Note:

(1)For purposes of this example, the tax calculation has been simplified. The hypothetical book pre-tax earnings amount, not considering timing differences, is assumed to equal taxable income in mainland China.

(2)Under the terms of VIE contractual arrangements, our WFOEs may charge the VIEs for services provided to VIEs. These service fees shall be recognized as expenses of the VIEs, with a corresponding amount as service income by our WFOEs and eliminate in consolidation. For income tax purposes, our WFOEs and VIEs file income tax returns on a separate company basis. The service fees paid are recognized as a tax deduction by the VIEs and as income by our WFOEs and are tax neutral.

(3)One of our subsidiaries and two of our VIEs qualify for a 15% preferential income tax rate in mainland China. However, such rate is subject to qualification, is temporary in nature, and may not be available in a future period. For purposes of this hypothetical example, the table above reflects a maximum tax scenario under which the full statutory rate would be effective.

(4)The PRC Enterprise Income Tax Law imposes a withholding income tax of 10% on dividends distributed by a foreign invested enterprise to its immediate holding company outside of mainland China. A lower withholding income tax rate of 5% is applied if the foreign invested enterprise’s immediate holding company is registered in Hong Kong and certain other conditions are satisfied, subject to a qualification review at the time of the distribution. For purposes of this hypothetical example, the table above assumes a maximum tax scenario under which the full withholding tax would be applied.

The table above has been prepared under the assumption that all profits of the VIEs will be distributed as fees to our WFOEs under tax neutral contractual arrangements. If, in the future, the accumulated earnings of the VIEs exceed the service fees paid to our WFOEs (or if the current and contemplated fee structure between the intercompany entities is determined to be non-substantive and disallowed by Chinese tax authorities), the VIEs could make a non-deductible transfer to our WFOEs for the amounts of the stranded cash in the VIEs. This would result in such transfer being non-deductible expenses for the VIEs but still taxable income for the WFOEs. Such a transfer and the related tax burdens would reduce our after-tax income to approximately 50.6% of the pre-tax income. Our management believes that there is only a remote possibility that this scenario would happen.

Financial Information Related to the VIEs

The following tables provide condensed consolidating schedules depicting the results of operations, financial position and cash flows for 17 Education & Technology Group Inc., its subsidiaries, the consolidated VIEs, and any eliminating adjustments and consolidated totals (in thousands of RMB) as of and for the dates presented. You should read this section together with our consolidated financial statements and the related notes in conjunction with “Item 5. Operating and Financial Review and Prospects” included elsewhere in this annual report.

Selected Condensed Consolidated Statements of Operations Information

	For the Year Ended December 31, 2025					
	17 Education & Technology	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs and VIEs' Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Third-party net revenues	—	39	2,143	103,842	—	106,024
Inter-company net revenues	—	12,274	46,547	14,264	(73,085)	—
Total costs and expenses	(46,625)	(32,705)	(94,320)	(95,924)	—	(269,574)
Inter-company costs and expenses	—	—	(14,264)	(58,821)	73,085	—
Income from non-operations	5,817	1,978	29	1,310	—	9,134
Share of loss from subsidiaries, VIEs and VIEs' subsidiaries	(113,608)	(95,194)	(35,329)	—	244,131	—
Loss before income tax expenses	(154,416)	(113,608)	(95,194)	(35,329)	244,131	(154,416)
Less: income tax expenses	—	—	—	—	—	—
Net loss	(154,416)	(113,608)	(95,194)	(35,329)	244,131	(154,416)

	For the Year Ended December 31, 2024					
	17 Education & Technology	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs and VIEs' Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Third-party net revenues	—	—	2,869	186,343	—	189,212
Inter-company net revenues	—	19,287	44,246	14,264	(77,797)	—
Total costs and expenses	(89,802)	(39,686)	(103,392)	(170,144)	—	(403,024)
Inter-company costs and expenses	—	—	(14,264)	(63,533)	77,797	—
Income from non-operations	13,173	3,873	2,160	1,679	—	20,885
Share of loss from subsidiaries, VIEs and VIEs' subsidiaries	(116,298)	(99,772)	(31,391)	—	247,461	—
Loss before income tax expenses	(192,927)	(116,298)	(99,772)	(31,391)	247,461	(192,927)
Less: income tax expenses	—	—	—	—	—	—
Net loss	(192,927)	(116,298)	(99,772)	(31,391)	247,461	(192,927)

	For the Year Ended December 31, 2023					
	17 Education & Technology	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs and VIEs' Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Third-party net revenues	—	—	2,877	168,085	—	170,962
Inter-company net revenues	—	7,843	42,292	4,755	(54,890)	—
Total costs and expenses	(112,345)	(162,303)	(112,568)	(126,496)	—	(513,712)
Inter-company costs and expenses	—	—	(4,755)	(50,135)	54,890	—
Income from non-operations	24,270	1,863	4,133	702	—	30,968
Share of loss from subsidiaries, VIEs and VIEs' subsidiaries	(223,707)	(71,110)	(3,089)	—	297,906	—
Loss before income tax expenses	(311,782)	(223,707)	(71,110)	(3,089)	297,906	(311,782)
Less: income tax expenses	—	—	—	—	—	—
Net loss	(311,782)	(223,707)	(71,110)	(3,089)	297,906	(311,782)

Selected Condensed Consolidated Balance Sheets Information

	For the Year Ended December 31, 2025					
	17 Education & Technology	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs and VIEs' Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Assets						
Cash and cash equivalents	26,380	8,160	6,689	205,219	—	246,448
Restricted cash	—	—	—	49	—	49
Term deposit	97,903	62,568	—	—	—	160,471
Accounts receivable	—	—	1,155	41,422	—	42,577
Prepaid expenses and other current assets	2,187	2,224	3,038	93,686	—	101,135
Amount due from inter-companies	1,028,039	206,691	751,633	—	(1,986,363)	—
Property and equipment, net	—	6,410	710	15,335	—	22,455
Right-of-use assets	—	4,714	—	10,289	—	15,003
Other non-current assets	—	784	136	1,465	—	2,385
Total assets	**1,154,509**	**291,551**	**763,361**	**367,465**	**(1,986,363)**	**590,523**
Accrued expenses and other current liabilities	3,485	3,183	77,590	39,022	—	123,280
Deferred revenue current and non-current	—	—	141	165,798	—	165,939
Amount due to inter-companies	—	572,732	447,263	966,368	(1,986,363)	—
Deficits of investments in subsidiaries, VIEs and VIEs' subsidiaries	864,396	648,216	850,419	—	(2,363,031)	—
Operating lease liabilities current and non-current	—	4,598	—	10,078	—	14,676
Total liabilities	**867,881**	**1,228,729**	**1,375,413**	**1,181,266**	**(4,349,394)**	**303,895**
Total shareholders' equity/(deficit)	**286,628**	**(937,178)**	**(612,052)**	**(813,801)**	**2,363,031**	**286,628**
Total liabilities and shareholders' equity/(deficit)	**1,154,509**	**291,551**	**763,361**	**367,465**	**(1,986,363)**	**590,523**

	For the Year Ended December 31, 2024					
	17 Education & Technology	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs and VIEs' Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Assets						
Cash and cash equivalents	133,380	7,484	27,118	66,162	—	234,144
Restricted cash	—	—	—	49	—	49
Term deposit	61,885	63,223	—	—	—	125,108
Accounts receivable	—	—	—	67,097	—	67,097
Prepaid expenses and other current assets	1,363	2,151	4,815	74,184	—	82,513
Amount due from inter-companies	998,391	204,881	763,690	—	(1,966,962)	—
Property and equipment, net	—	6,995	485	18,930	—	26,410
Right-of-use assets	—	3,311	—	8,457	—	11,768
Other non-current assets	—	784	179	1,465	—	2,428
Total assets	**1,195,019**	**288,829**	**796,287**	**236,344**	**(1,966,962)**	**549,517**
Accrued expenses and other current liabilities	3,638	1,763	78,845	20,176	—	104,422
Deferred revenue current and non-current	—	—	199	40,198	—	40,397
Amount due to inter-companies	—	543,729	447,263	975,970	(1,966,962)	—
Deficits of investments in subsidiaries, VIEs and VIEs' subsidiaries	797,742	583,951	850,638	—	(2,232,331)	—
Operating lease liabilities current and non-current	—	3,130	—	7,929	—	11,059
Total liabilities	**801,380**	**1,132,573**	**1,376,945**	**1,044,273**	**(4,199,293)**	**155,878**
Total shareholders' equity/(deficit)	**393,639**	**(843,744)**	**(580,658)**	**(807,929)**	**2,232,331**	**393,639**
Total liabilities and shareholders' equity/(deficit)	**1,195,019**	**288,829**	**796,287**	**236,344**	**(1,966,962)**	**549,517**

Selected Condensed Consolidated Cash Flows Information

	For the Year Ended December 31, 2025					
	17 Education & Technology	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs and VIEs' Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Net cash (used in) generated from operating activities	(8,478)	(21,325)	(48,786)	115,915	—	37,326
Capital contribution to Group companies	—	(43,478)	—	—	43,478	—
Loans provided to Group companies	(50,186)	—	—	—	50,186	—
Other investing activities	(36,018)	565	(393)	(5,758)	—	(41,604)
Net cash used in investing activities	(86,204)	(42,913)	(393)	(5,758)	93,664	(41,604)
Capital contribution from Group companies	—	14,728	28,750	—	(43,478)	—
Loans borrowed from Group companies	—	50,186	—	—	(50,186)	—
Other financing activities	(3,440)	—	—	28,900	—	25,460
Net cash (used in) generated from financing activities	(3,440)	64,914	28,750	28,900	(93,664)	25,460

	For the Year Ended December 31, 2024					
	17 Education & Technology	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs and VIEs' Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Net cash used in operating activities	(16,809)	(87,857)	(14,614)	(19,938)	—	(139,218)
Capital contribution to Group companies	—	(86,348)	—	—	86,348	—
Loans (provided to) settled by Group companies	(141,318)	31,305	(22,719)	—	132,732	—
Other investing activities	48,962	(4,314)	(47)	(9,007)	—	35,594
Net cash (used in) generated from investing activities	(92,356)	(59,357)	(22,766)	(9,007)	219,080	35,594
Capital contribution from Group companies	—	—	86,348	—	(86,348)	—
Loans borrowed from (repaid to) Group companies	—	141,211	(37,878)	29,399	(132,732)	—
Other financing activities	(1,055)	—	—	22,388	—	21,333
Net cash (used in) generated from financing activities	(1,055)	141,211	48,470	51,787	(219,080)	21,333

	For the Year Ended December 31, 2023					
	17 Education & Technology	Other Subsidiaries	Primary Beneficiary of VIEs	VIEs and VIEs' Subsidiaries	Eliminations	Consolidated Total
	(RMB in thousands)					
Net cash used in operating activities	(3,757)	(19,300)	(68,918)	(120,100)	—	(212,075)
Capital contribution to Group companies	—	(70,999)	—	—	70,999	—
Loans (provided to)/settled by Group companies	(77,017)	29,781	(600)	—	47,836	—
Other investing activities	(110,847)	(58,909)	290	8,325	—	(161,141)
Net cash (used in)/generated from investing activities	(187,864)	(100,127)	(310)	8,325	118,835	(161,141)
Capital contribution from Group companies	—	—	70,999	—	(70,999)	—
Loans (repaid to)/borrowed from Group companies	(29,781)	77,017	—	600	(47,836)	—
Other financing activities	(51,357)	—	—	—	—	(51,357)
Net cash (used in)/generated from financing activities	(81,138)	77,017	70,999	600	(118,835)	(51,357)

A.[Reserved]

B.Capitalization and Indebtedness

Not Applicable.

C.Reasons for the Offer and Use of Proceeds

Not Applicable.

D.Risk Factors

Summary of Risk Factors

An investment in our ADSs or Class A ordinary shares involves significant risks. Below is a summary of material risks we and the VIEs face, organized under relevant headings. These risks are discussed more fully in "Item 3. Key Information—D. Risk Factors."

Risks Related to Our Business and Industry

•The cessation of the K-12 Academic AST Services and other actions we have taken to comply with the regulatory developments in mainland China have materially and adversely affected and will materially and adversely affect our business, financial condition, results of operations and prospects. Failure to effectively and efficiently manage changes of our existing and new business may materially and adversely affect our ability to capitalize on new business opportunities. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—The cessation of the K-12 Academic AST Services and other actions we have taken to comply with the regulatory developments in mainland China have materially and adversely affected and will materially and adversely affect our business, financial condition, results of operations and prospects. Failure to effectively and efficiently manage changes of our existing and new business may materially and adversely affect our ability to capitalize on new business opportunities" on page 19 for details;

•We have a limited operating history with our current business model, which makes it difficult to predict our prospects and our business and financial performance. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have a limited operating history with our current business model, which makes it difficult to predict our prospects and our business and financial performance" on page 19 for details;

•Significant uncertainties exist in relation to the interpretation and implementation of, or proposed changes to, the PRC laws, regulations and policies regarding the online private education industry. In particular, the Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education and the implementation measures issued thereunder by the relevant PRC government authorities has materially and adversely affected and will materially and adversely affect our business, financial condition, results of operations and prospects. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Significant uncertainties exist in relation to the interpretation and implementation of, or proposed changes to, the PRC laws, regulations and policies regarding the online private education industry. In particular, the Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education and the implementation measures issued thereunder by the relevant PRC government authorities has materially and adversely affected and will materially and adversely affect our business, financial condition, results of operations and prospects" on page 20 for details;

•If we are unable to develop and refine our teaching and learning SaaS offerings to meet the evolving demands of educational authorities, schools, teachers and students, or if we are unable to maintain consistent quality and comprehensive grade and subject coverage of products offered as part of our teaching and learning SaaS offerings, our business and reputation may be materially and adversely affected. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—If we are unable to develop and refine our teaching and learning SaaS offerings to meet the evolving demands of educational authorities, schools, teachers and students, or if we are unable to maintain consistent quality and comprehensive grade and subject coverage of products offered as part of our teaching and learning SaaS offerings, our business and reputation may be materially and adversely affected" on page 22 for details;

•The success of our new business initiatives is subject to various risks and uncertainties, and any change in the regulatory environment could negatively impact market demands. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—The success of our new business initiatives is subject to various risks and uncertainties, and any change in the regulatory environment could negatively impact market demands" on page 22 for details;

•If we are not able to successfully develop other educational products and services and attract students or their families to purchase them, our business and prospects will be materially and adversely affected. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—If we are not able to successfully develop other educational products and services and attract students or their families to purchase them, our business and prospects will be materially and adversely affected" on page 23 for details;

•Our success relies on subscriptions to and purchases of our teaching and learning SaaS offerings by educational authorities and schools, and if we fail to successfully attract new educational authorities and schools to subscribe to or purchase our offerings or to maintain existing subscriptions made by educational authorities and schools, our business and prospects may be materially and adversely affected. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our success relies on subscriptions to and purchases of our teaching and learning SaaS offerings by educational authorities and schools, and if we fail to successfully attract new educational authorities and schools to subscribe to or purchase our offerings or to maintain existing subscriptions made by educational authorities and schools, our business and prospects may be materially and adversely affected" on page 24 for details;

•Our business depends on the continued success of our brand, and if we fail to maintain and enhance recognition of our brand, we may face difficulty attracting educational authorities and schools to our teaching and learning SaaS offerings or attracting students to our other educational products and services, which could harm our reputation and results of operations. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Our business depends on the continued success of our brand, and if we fail to maintain and enhance recognition of our brand, we may face difficulty attracting educational authorities and schools to our teaching and learning SaaS offerings or attracting students to our other educational products and services, which could harm our reputation and results of operations" on page 25 for details; and

•If the market for our teaching and learning SaaS offerings and other business initiatives develops more slowly than we expect, our operating results could be harmed. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—If the market for our teaching and learning SaaS offerings and other business initiative develops more slowly than we expect, our operating results could be harmed" on page 25 for details.

Risks Related to Our Corporate Structure

•We are a Cayman Islands holding company with no equity ownership in the VIEs, and we conduct our operations in mainland China primarily through (i) our mainland China subsidiaries and (ii) the VIEs with which we have maintained contractual arrangements. Investors in our ADSs thus are not purchasing equity interest in our operating entities in mainland China but instead are purchasing equity interest in a Cayman Islands holding company. If the PRC government finds that the agreements that establish the structure for operating some of our business operations in mainland China do not comply with regulations of mainland China relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we and the VIEs could be subject to severe penalties, or be forced to relinquish our interest in those operations. Our holding company in the Cayman Islands, the VIEs, and investors of us face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a whole. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating certain of our operations in mainland China do not comply with regulations of mainland China relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations" on page 47 for details;

•We rely on contractual arrangements with the VIEs and their shareholders for our business operations, which may not be as effective as direct ownership. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the VIEs and their shareholders for our business operations, which may not be as effective as direct ownership" on page 49 for details;

•Any failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—Any failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business" on page 50 for details; and

•The shareholders of the VIEs may have actual or potential conflicts of interest with us, which may materially and adversely affect our business and financial condition. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—The shareholders of the VIEs may have actual or potential conflicts of interest with us, which may materially and adversely affect our business and financial condition” on page 50 for details.

Risks Related to Doing Business in China

•Changes in mainland China’s economic, political or social conditions or government policies could have a material adverse effect on our business and operations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Changes in mainland China’s economic, political or social conditions or government policies could have a material adverse effect on our business and operations” on page 52 for details;

•Evolution of the mainland China legal system could adversely affect us. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Evolution of the mainland China legal system could adversely affect us” on page 52 for details;

•The PRC government’s significant oversight over our business operations could result in a material adverse change in our operations and the value of our ADSs. Due to the nature of our industry, the PRC government may intervene or influence our operations at any time, or may exert more regulation over offerings conducted overseas and/or foreign investment in China-based issuers, which could result in a material change in our operations and/or the value of our securities. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PRC government’s significant oversight over our business operations could result in a material adverse change in our operations and the value of our ADSs” on page 53 for details;

•The approval and/or other requirements of the CSRC or other Chinese governmental authorities may be required in connection with an offering under rules, regulations or policies of mainland China, and, if required, we cannot predict whether or how soon we will be able to obtain such approval or complete such other requirements. Any actions by the government to exert more oversight and regulation over offerings that are conducted overseas and/or foreign investment could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The approval and/or other requirements of the CSRC or other Chinese governmental authorities may be required in connection with an offering under rules, regulations or policies of mainland China, and, if required, we cannot predict whether or how soon we will be able to obtain such approval or complete such other requirements” on page 53 for details;

•You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the annual report based on foreign laws. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the annual report based on foreign laws” on page 55 for details;

•We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business. To the extent cash in our business is in mainland China or Hong Kong or an entity in mainland China or Hong Kong, such cash may not be available to fund operations or for other use outside of mainland China or Hong Kong due to interventions, restrictions and limitations imposed by the governmental authorities on the ability of us, our subsidiaries, or the VIEs to transfer cash. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business. To the extent cash in our business is in mainland China or Hong Kong or an entity in mainland China or Hong Kong, such cash may not be available to fund operations or for other use outside of mainland China or Hong Kong due to interventions, restrictions and limitations imposed by the governmental authorities on the ability of us, our subsidiaries, or the VIEs to transfer cash.” on page 59 for details;

•Mainland China regulation of loans to and direct investment in mainland China entities by offshore holding companies and governmental regulation of currency conversion may delay or prevent us from making loans or additional capital contributions to our mainland China subsidiaries and the VIEs in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Mainland China regulation of loans to and direct investment in mainland China entities by offshore holding companies and governmental regulation of currency conversion may delay or prevent us from making loans or additional capital contributions to our mainland China subsidiaries and the VIEs in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business" on page 60 for details;

•The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections" on page 61 for details; and

•Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment" on page 61 for details.

Risks Related to Our ADSs and Class A Ordinary Shares

•The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs and Class A Ordinary Shares—The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors" on page 63 for details;

•Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs and Class A Ordinary Shares—Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial" on page 64 for details;

•We currently do not expect to pay dividends in the foreseeable future and you must rely on price appreciation of our ADSs for return on your investment. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs and Class A Ordinary Shares—We currently do not expect to pay dividends in the foreseeable future and you must rely on price appreciation of our ADSs for return on your investment" on page 66 for details;

•You may be subject to limitations on transfer of your ADSs. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs and Class A Ordinary Shares—You may be subject to limitations on transfer of your ADSs" on page 68 for details; and

•We believe that we were a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for the taxable year ended December 31, 2025, and it is likely we will be a PFIC for the current taxable year and future taxable years, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ADSs. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs and Class A Ordinary Shares—We believe that we were a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for the taxable year ended December 31, 2025, and it is likely we will be a PFIC for the current taxable year and future taxable years, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ADSs" on page 72 for details.

Risks Related to Our Business and Industry

The cessation of the K-12 Academic AST Services and other actions we have taken to comply with the regulatory developments in mainland China have materially and adversely affected and will materially and adversely affect our business, financial condition, results of operations and prospects. Failure to effectively and efficiently manage changes of our existing and new business may materially and adversely affect our ability to capitalize on new business opportunities.

In light of regulatory developments in mainland China in 2021, including the joint promulgation of the Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education by the General Office of State Council and the General Office of Central Committee of the Communist Party of China on July 24, 2021, or the Alleviating Burden Opinion, we have ceased to provide our K-12 Academic AST Services at the end of 2021, among other changes in our business operations. At the same time, we have leveraged our extensive knowledge and expertise accumulated through serving mainland China's educational authorities, schools, teachers, and students over the past decade and launched new product and service offerings. In particular, we have launched our teaching and learning SaaS offerings that enhance in-school teaching and learning efficiency and effectiveness as an upgrade to our previous free in-school products and services. We are also exploring other educational products and services for students to respond to the changes in the regulatory environment and market demands, utilizing our technology and data insights to provide personalized content for students intended to improve their learning efficiency. In 2025, leveraging our brand recognition and user trust built through our smart in-class teaching and learning SaaS offerings, as well as our established relationships with students and parents, we introduced our new AI-powered personalized learning offering, "*Yiqi Aixue*". We have started delivering products and services for *Yiqi Aixue* since January 2026, with certain advance payments collected from customers in 2025.

To support our teaching and learning SaaS offerings and our other educational products and services, we will continue to invest in our technology and infrastructure to deliver highly reliable and scalable developer services and provide a broader range of developer services. We will also continue to invest in talent by recruiting, retaining and training AI specialists and data scientists to widen our technological advantage. We believe the enhancement of our research and development capabilities will enable us to develop new SaaS offerings and our other educational products and services. However, we cannot assure you that we will be able to execute our business strategy or that our service offerings will be successful.

The changes to our business have resulted, and will continue to result, in substantial demands on our management, operational, technological and other resources. To manage and support changes in our business and our future growth strategy, we must continue to improve our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain additional management personnel and other administrative and sales and marketing personnel, particularly as we enter into new areas. We cannot assure you that we will be able to effectively and efficiently manage our operations, recruit and retain management personnel and integrate new businesses into our operations. Any failure to effectively and efficiently manage changes of our business may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material adverse impact on our financial condition and results of operations. We cannot be sure that we will be successful in addressing these and other challenges we may face in the future, and our business may be adversely affected if we do not manage these risks successfully. In addition, we may not achieve sufficient revenue or maintain positive cash flows from operations or profitability in any given period, or at all.

We have a limited operating history with our current business model, which makes it difficult to predict our prospects and our business and financial performance.

We ceased to offer online K-12 after-school tutoring courses to comply with the Alleviating Burden Opinion and its implementing measures at the end of 2021. We therefore have a short operating history with our current business model, which is built around our teaching and learning SaaS offerings and our other educational products and services. Our teaching and learning SaaS offerings were launched in September 2021 and we are also exploring other educational products and services for students to respond to the changes in the regulatory environment and market demands. In 2025, leveraging our brand recognition and user trust built through our smart in-class teaching and learning SaaS offerings, as well as our established relationships with students and parents, we introduced our new AI-powered personalized learning offering, "*Yiqi Aixue*". We have started delivering products and services for *Yiqi Aixue* since January 2026, with certain advance payments collected from customers in 2025. Our limited history with our current product and service offerings after the cessation of our online K-12 after-school tutoring courses, which differ from our historical product and service offerings, may not

provide you with an adequate basis for evaluating our prospects and operating results, including net revenues, cash flows and operating margins, and our past revenues and historical performance may not be indicative of our future performance.

As we have had limited time to market our current product and service offerings, a number of factors could cause our results of operations to be adversely affected, including but not limited to (i) the tightening of PRC local governments' budget, as many of our SaaS offering customers rely on funding from PRC local governments; (ii) any delay in the progress of our projects; (iii) increased market competition; (iv) any difficulty in collecting fees receivable; and (v) our failure, for any reason, to capitalize on growth opportunities. We have encountered, and may continue to encounter in the future, risks, challenges and uncertainties associated with operating an education technology business, such as building and managing reliable and secure IT systems and infrastructure, expanding the adoption by schools and teachers of our teaching and learning SaaS offerings, addressing regulatory compliance and uncertainty, engaging, training and retaining high-quality employees such as our sales and service representatives and IT support staff and exploring additional education products. If we do not manage these risks and challenges successfully, our operating and financial results may differ materially from our expectations and our business and financial performance may suffer.

Our ability to effectively implement our strategies and grow our business will depend on a number of factors, including our ability to (i) continually develop and improve our teaching and learning SaaS offerings to make them more appealing to existing and prospective students, teachers and educational authorities; (ii) build up a large and efficient sales and distribution network and partnership network for our teaching and learning SaaS offerings; (iii) successfully develop, market and commercialize our new AI-driven initiatives targeting C-end users (i.e., referring to individual consumers, as opposed to enterprise clients); (iv) maintain and increase the number of customers; (v) maintain and expand the number of districts, schools and teachers that adopt our teaching and learning SaaS offerings; (vi) effectively recruit, train, retain and motivate a large number of new employees, particularly our IT support staff, educational product and content development professionals and salespersons; (vii) effectively identify, assess and manage the heightened regulatory, ethical, operational and reputational risks associated with the integration and deployment of AI in our educational products and services; (viii) innovate and adapt our products, services and solutions to meet evolving needs of current and potential students, including to address evolving market trends; (ix) maintain and increase our access to the data necessary for the development and performance of our solutions; (x) maintain the proper functioning of teaching and learning SaaS offerings, and other business initiatives as we continue to collect data from our user base through our smart in-school classroom solution; (xi) continually improve the algorithms underlying the products and the technologies; (xii) adapt to a changing regulatory landscape governing privacy matters; (xiii) continue to improve our operational, financial and management controls and efficiencies; (xiv) successfully enhance and improve our technological systems and infrastructure; (xv) protect and further develop our intellectual property rights; and (xvi) make sound business decisions in light of the scrutiny associated with operating as a public company. These activities require significant capital expenditures and the investment of valuable management and financial resources, and our growth will continue to place significant demands on our management. There are no guarantees that we will be able to effectively manage any future growth in an efficient, cost-effective and timely manner, or at all. Our growth in a relatively short period of time is not necessarily indicative of results that we may achieve in the future. If we do not effectively manage the growth of our business and operations, our reputation, results of operations and overall business and prospects could be negatively impacted.

Significant uncertainties exist in relation to the interpretation and implementation of, or proposed changes to, the PRC laws, regulations and policies regarding the online private education industry. In particular, the Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education and the implementation measures issued thereunder by the PRC government authorities have materially and adversely affected and will materially and adversely affect our business, financial condition, results of operations and prospects.

The PRC private education industry, and especially the after-school tutoring sector, has experienced intense scrutiny and has been subject to significant regulatory changes. In particular, the Alleviating Burden Opinion sets out a series of operating requirements on after-school tutoring institutions that provides, among other things, a prohibition on the approval of new academic after-school tutoring institutions in compulsory education, or the Academic AST Institutions; a mandate that all the existing Academic AST Institutions be registered as non-profit institutions; mandatory re-approval for education apps, a ban on the capitalization and foreign participation of Academic AST Institutions, strengthened regulatory oversight of the pre-collection and approval requirements for non-academic tutoring. To implement the Alleviating Burden Opinion, in September 2021, the Chinese Ministry of Education published on its official website that the Chinese Ministry of Education, together with other government authorities, issued a circular requiring all Academic AST Institutions for students in compulsory

education to complete registration as non-profit by the end of 2021 and a circular requiring all online Academic AST Institutions that have filed with the local education administration authorities and provide tutoring services on academic subjects to obtain the private school operating permit by the end of 2021, and all such Academic AST Institutions shall, before completing such registration or obtaining such permit as applicable, suspend enrollment of students and charging fees. On February 8, 2022, the Chinese Ministry of Education issued the 2022 Work Points of Chinese Ministry of Education providing that after-school tutoring services for senior high school students must strictly follow the Alleviating Burden Opinion (collectively with the Alleviating Burden Opinion, the "New Regulations"). See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Related to After-School Tutoring and Online Private Education" for more details.

Our business, financial condition, results of operations and prospects have been materially and adversely affected in 2023, 2024 and 2025 and will be materially and adversely affected in subsequent periods by the actions we have taken to date and the actions may take in the future in order to be in compliance with the Alleviating Burden Opinion and its implementation measures. We are committed to complying with all applicable PRC laws and regulations, including the New Regulations. We ceased offering tutoring services related to academic subjects to students from kindergarten through the last year of senior high school, or K-12 Academic AST Services, in mainland China at the end of 2021. In addition, we have taken other actions to restructure our business and operations, including closing certain of our corporate offices, implementing staff optimization plans and disposing some of our assets to maintain our continued operations. We also began to provide new educational product and service offerings. Our teaching and learning SaaS offerings were launched in September 2021, and we are also exploring other educational products and services for students to respond to the changes in the regulatory environment and market demands. In 2025, leveraging our brand recognition and user trust built through our smart in-class teaching and learning SaaS offerings, as well as our established relationships with students and parents, we introduced our new AI-powered personalized learning offering, "*Yiqi Aixue*". We have started delivering products and services for Yiqi Aixue since January 2026, with certain advance payments collected from customers in 2025.

We are closely monitoring the evolving regulatory environment and are making efforts to seek guidance from and cooperate with the government authorities to comply with the Alleviating Burden Opinion and its implementation measures. We will continue to seek guidance from and cooperate with all relevant government authorities in mainland China in connection with its efforts to comply with the policy directives of the New Regulations and will further adjust our business operations as required. However, due to the complexity and substantial uncertainty of the regulatory environment, we cannot assure you that our operations will be in full compliance with applicable laws, regulations and policies, including the Alleviating Burden Opinion and its implementation measures, in a timely manner, or at all. Although we believe our new services and products are not in violation of current PRC laws and regulations in all material respects, we cannot assure you that our current and new services and products will not be deemed to be non-compliant in the future. We may become subject to fines or other penalties or be required to terminate certain operations, in which case our business, financial condition and results of operations could be materially and adversely affected further. In addition, we may incur material impairment and severance charges resulting from termination of leases, dismissal of employees and other actions we take in light of the latest regulatory developments, which may have material adverse impact on our financial condition, results of operations and prospects.

The enforcement of the New Regulations not only affects us directly, but also affects the development of the PRC private education industry in general, which may have a secondary effect on our business. While we are committed to complying with all applicable PRC laws and regulations, including the New Regulations, if other companies do not comply with the New Regulations or any other applicable additional laws, regulations and guidance regarding the private education industry, and provide prohibited products or services, those products and services may nevertheless reduce demand for our business.

If we are unable to develop and refine our teaching and learning SaaS offerings to meet the evolving demands of educational authorities, schools, teachers and students, or if we are unable to maintain consistent quality and comprehensive grade and subject coverage of products offered as part of our teaching and learning SaaS offerings, our business and reputation may be materially and adversely affected.

Our teaching and learning SaaS offerings development team works closely with educational authorities, and educational experts to understand the educational needs of and the feedback from educational authorities, schools and teachers help us to develop, update and improve our teaching and learning SaaS offerings to reflect the feedback received so as to better help improve education efficiency in school. We also work to continually update the educational content offered in our teaching and learning SaaS offerings to reflect the latest updates in education curricula and textbooks and specific requests from our users, as well as have expanded our use cases to

cover additional key educational scenarios including in-class interaction, class preparation and delivery, homework-related activities, academic assessment and school-parent communication. The adjustments, updates and expansions of our teaching and learning SaaS offerings and the development of new product features or content may not be accepted by existing or prospective schools and teachers and their students that utilize our solution. Even if we are able to develop acceptable new product features and content, we may not be able to introduce them as quickly as schools and teachers require or as quickly as our competitors introduce competing offerings. Furthermore, offering new product features and content or upgrading existing ones may require us to commit significant resources and make significant investments in product and content development. If we are unsuccessful in pursuing product and content development and upgrading opportunities due to the financial constraints, unable to attract product and content development personnel, or encounter other related challenges, our ability to maintain existing relationships with schools and teachers or attract new schools or teachers to adopt our teaching and learning SaaS offerings and our business and reputation may be materially and adversely affected.

During 2025, we expanded our teaching and learning SaaS offerings to include learning companion robots, which were sold to our B-end customers. Selling hardware products, such as learning companion robots, exposes us to additional risks, including but not limited to supply chain disruptions, manufacturing defects, inventory management issues, increased production and logistics costs, and potential product liability claims. Moreover, the performance and reliability of hardware products may affect customer satisfaction and our brand reputation. Any failure in the manufacturing, quality control, delivery, or after-sales support of our hardware products could lead to customer complaints, increased refund or replacement costs, regulatory scrutiny, and adverse impacts on our business, financial condition, and reputation. In addition, rapid technological change may render our hardware products obsolete or less competitive, requiring ongoing investment in research and development and continual innovation to meet evolving market demands.

The success of our new business initiatives is subject to various risks and uncertainties, and any change in the regulatory environment could negatively impact market demands.

We started offering our teaching and learning SaaS offerings since 2021 and we are continually exploring our new AI-powered learning products and services. In 2025, leveraging our brand recognition and user trust built through our smart in-class teaching and learning SaaS offerings, as well as our established relationships with students and parents, we introduced our new AI-powered personalized learning offering, "*Yiqi Aixue*". We have started delivering products and services for *Yiqi Aixue* since January 2026, with certain advance payments collected from customers in 2025. We aim to continue expanding the coverage of our product and service offerings, especially the educational products and services targeting C-end users (i.e., referring to individual consumers, as opposed to enterprise clients), to meet additional educational needs. Expansions and upgrades to our existing product and service offerings may not be well received by students, teachers and parents, and our newly introduced product and service offerings and educational content may not achieve success as expected.

Our operating history and experience with these new products and services are shorter than our other businesses, which may adversely affect our prospects and our ability to compete with the existing market players in any of these product and service categories. The development of new products, services and content could disrupt our ongoing business, disrupt our management's attention, be costly and time-consuming and require us to make significant investments in research and product development, develop new technologies, and increase sales and marketing efforts, all of which may not be successful. We cannot assure you that any of such new products or services will achieve market acceptance or generate sufficient revenues to offset the costs and expenses incurred in relation to our development and promotion efforts. If we are unsuccessful in our exploration of additional educational services due to financial constraints, failure to attract qualified personnel or other reasons, our business, financial condition and results of operations could be adversely affected.

In particular, our continued expansion into C-end business, including the introduction of our new AI-powered learning offering, "*Yiqi Aixue*," subjects us to additional risks relating to the volatility and sustainability of new business models. The success of our C-end business and offerings depend largely on individual consumers' and families' willingness and ability to spend on educational products and services, which may be sensitive to fluctuations in overall economic conditions, changes in household income, and prevailing consumption or spending trends. Any adverse changes in macroeconomic conditions or consumer confidence may reduce demand for our productions and services, and thus materially and adversely affect our business, financial conditions and operational results.

Additionally, the regulatory environment for educational products and services targeting individual consumers, especially minors, remains uncertain and continues to evolve in the PRC. Any tightening of regulatory requirements, introduction of new compliance or licensing obligations, or other policy changes regarding Edtech, AI application, or educational products and services to consumers may impose additional costs, restrict our operational flexibility, limit product features, delay product launches, or in extreme circumstances, result in the suspension or discontinuation of our offerings. These regulatory risks are heightened for our new business initiatives given our limited operating history in this area, and there can be no assurance that we will be able to anticipate or respond timely to such changes.

Moreover, as we are expanding our business to C-end users, we may face heightened risks related to data security and privacy protection. The collection, storage, and processing of personal and learning data from students and parents require strict compliance with evolving data protection regulations and industry standards. Any failure to adequately safeguard user data, prevent unauthorized access, or comply with applicable data privacy laws could result in regulatory penalties, loss of user trust, legal liabilities, and reputational damage, which could materially and adversely affect our business and prospects. See "—Risks Related to Our Business and Industry—If our security measures are breached or fail, resulting in unauthorized disclosure or unintended leakage of data, we could lose existing students, fail to attract new students and be exposed to protracted and costly litigation."

Furthermore, the market for C-end educational products and services is also subject to rapid changes in user preferences, technology innovation, and intense competitive dynamics. As a result, the performance and prospects of our new initiatives may be highly volatile and unpredictable, and we may not be able to achieve or sustain the necessary scale or profitability as expected. If we are unable to effectively manage the relevant risks, or if our new products and services are not well-received by the market or are adversely affected by regulatory changes, our business, financial position, results of operations and prospects could be materially and adversely affected.

If we are not able to successfully develop other educational products and services and attract students or their families to purchase them, our business and prospects will be materially and adversely affected.

We are continually exploring and experimenting with new educational products and services for students to respond to the changes in the regulatory environment and market demands, including student-facing digital product and content and educational institution-facing digital education services. Our ability to attract customers to purchase our other educational products and services is critical to the success and growth of our business. This in turn will depend on several factors, including our ability to develop, adapt or enhance the quality of our other educational products and services to meet the evolving demands of our existing or prospective customers, adapt our promotional activities to changes in market demand, legal regime and administrative practice, enhance our brand equity and awareness to a broader base of potential customers and refine our educational content offered and provide a more localized, personalized and effective learning experience for students.

Our ability to retain existing students and their parents by improving students' academic performance and delivering a satisfactory learning experience is also critical to the success of our business. Our ability to improve the academic performance of the users of our products and services is largely dependent upon the learning ability, attitude, efforts and time and resource commitments of each student, which are beyond our control. Students may feel dissatisfied with the quality of our educational content offerings or fail to perform up to expectation after using our products. In addition, our products and services may not be able to satisfy all of our users' needs. Satisfaction with our product may be affected by a number of factors, many of which may not relate to the quality or effectiveness of our offerings. If students or parents feel that we are not providing them the learning experience they have paid for, they may choose not to renew their existing subscriptions or obtain a refund for customer advances for products purchases and subscriptions. Although we have not experienced any significant refund requests in the past, if an increasing number of students request refunds, our cash flow, revenues and results of operations may be adversely affected. In addition, students who fail to improve their performance after using our products or have unsatisfactory studying experiences with us may also choose not to refer other students to us, which in turn may adversely affect the number of product subscriptions.

All of these factors may contribute to reduced student engagement and increased challenges in attracting new users to purchase the products or services that we offer. We must also manage our growth while maintaining consistent and high teaching quality, and respond effectively to competitive pressures. In addition, in light of significant regulatory pressure on the education industry, many advertising and promotional channels are reluctant to offer service to any education related products and services, including products and services that are compliant with all applicable laws and regulations such as the Alleviating Burden opinion. As a result, we are facing increased user acquisition cost and may experience more difficulty attracting users for our products and services

that are perceived to be highly regulated. If we are unable to attract and retain students to purchase our products and to increase the spending of the users of our products and services, our net revenues may decline, which may have a material adverse effect on our business, financial condition and results of operations.

Our success relies on subscriptions to and purchases of our teaching and learning SaaS offerings by educational authorities and schools, and if we fail to successfully attract new educational authorities and schools to subscribe to or purchase our offerings or to maintain existing subscriptions made by educational authorities and schools, our business and prospects may be materially and adversely affected.

In September 2021, leveraging the experience and insights we gained from offering our free existing smart in-school classroom solution across mainland China over the last decade, we launched our teaching and learning SaaS offerings. The primary clients of our SaaS offerings are regional educational authorities, which typically require us to go through a stringent procurement and bidding process. Our clients also include public and private schools.

The success of our business depends in large part on our ability to continue to attract new educational authorities and schools to choose our teaching and learning SaaS offerings and keep our existing customers. We have a dedicated sales and service team to solicit leads and bidding opportunities, provide pre-sale consultation and bidding preparation, as well as build and maintain the nationwide distribution network of our SaaS offerings. However, we cannot assure you that we will be successful in securing subscriptions and purchases from regional educational authorities due to government budgetary cycles, funding availability, evolving government regulations, competition, failure to effectively market our new products and services and maintain their quality and consistency, or other factors.

In particular, regional educational authorities typically have specific budgetary cycles. Some of them are not used to a standard subscription model and may need time to become familiar with such payment structure. For these customers, we charge them in the form of a lump sum payment as we provide to them certain features of our SaaS offerings including the relevant software licenses for the features we provide. However, it is likely that they will continue to procure similar offerings during subsequent budgetary cycles, such as upgrades or expansions, although they are not contractually bound to do so. These repeat purchases are likely because many regional educational authorities tend to procure sophisticated applications, like our offerings, in stages. In addition, whenever their future needs arise, we have a distinct advantage in securing their future subscriptions or purchases as we have an in-depth understanding of their needs, our offerings are compatible with their existing systems and they can incur less duplicate cost. In fact, we have observed that many of our prominent clients have engaged in the procurement of several related offerings over multiple budgetary cycles.

Regardless of the specific fee structure, any reduction, reallocation or delays in funding for regional educational authorities could adversely impact demand for our products. In addition, we may be unable to identify new areas with sufficient growth potential to expand our product offerings, and demand for our services and products may not increase as rapidly as we expect. Furthermore, we may be unable to develop or license additional content on commercially reasonable terms and in a timely manner, or at all, to keep pace with changes in regulatory developments and market demands. If we fail to successfully execute our business strategies, we may not be able to continue to attract regional educational authorities, schools and teachers to our teaching and learning SaaS offerings.

To attract new educational authorities and schools, we need to convince educational officials, school officials and teachers, many of whom are used to educating students using traditional methods and may not be used to such digital teaching methods, to invest significant time and resources to adjust the manner in which they teach students. The use of teaching and learning SaaS offerings at schools in mainland China has just emerged in recent years, and many administrators and teachers may have concerns regarding the effectiveness of such products as well as difficulties and time associated with the change of teaching habits. Through the continued improvements of our smart in-school classroom solution, the acceptance of the integration of technology and education in school and use of our smart in-school classroom solution has increased over the past few years and was further accelerated due to the promotion of more efficient and effective homework assignments in light of the Alleviating Burden Opinion. However, it may still take longer than we expected for education bureaus, schools and teachers to change their teaching habit and fully accept our teaching and learning SaaS offerings.

In addition, schools that have adopted our teaching and learning SaaS offerings may experience turnover in their management. There is no assurance that the new management will have an interest in continuing or expanding the adoption of our teaching and learning SaaS offerings in their school, and the new management may attempt to discontinue their relationship with us or stop the subscriptions to or purchases of our teaching and learning SaaS offering. Furthermore, as the Chinese K-12 education curricula are mandated by municipal-level governments and the majority of the schools where our teaching and learning SaaS offerings are adopted are public schools, we face risks and challenges in maintaining our relationships with key participants in municipal public school system. If we are not successful in developing and maintaining relationships with key participants in the municipal public school system or if we are unable to cooperate with such key participants and public schools in an effective manner, we may fail in the maintenance and expansion of the network of schools and teachers adopting our teaching and learning SaaS offerings, and our business and prospects will be materially and adversely affected.

We rely on our dedicated sales team and nationwide distribution network to promote our teaching and learning SaaS offerings. We have a dedicated service team to fulfill customer service needs. We must continue to recruit, train and retain qualified salespersons and build our distribution network at scale to promote our teaching and learning SaaS offerings effectively and to provide the necessary services. Our sales and service team has a limited operating history as compared to the analogous teams that we deployed for our prior businesses. If they are unable to effectively conduct promotional activities and provide customer service for teachers to help them learn to use our products or regularly communicate with teachers and schools to understand their educational needs and feedback, we may be unable to effectively promote the adoption of our teaching and learning SaaS offerings to more schools and teachers or maintain existing school and teacher relationships, which will have a material adverse effect on our business, financial condition and results of operations.

Our business depends on the continued success of our brand, and if we fail to maintain and enhance recognition of our brand, we may face difficulty attracting educational authorities and schools to our teaching and learning SaaS offerings or attracting students to our other educational products and services, which could harm our reputation and results of operations.

We believe that market awareness of our brand has contributed significantly to the success of our business. Maintaining and enhancing our brand is critical to our efforts to promote our teaching and learning SaaS offerings and attract students to our other educational products and services, which are in turn critical to our business. Our ability to maintain and enhance brand recognition and reputation depends primarily on the positive outcome and feedback from districts, schools and teachers who use our teaching and learning SaaS offerings in their day-to-day teaching, as well as from those families and students who use our other educational products and services. Failure to maintain and enhance our brand recognition could have a material and adverse effect on our business, operating results and financial condition. In recent years, we have devoted significant resources to ensure the high quality of our products and services, which has helped to strengthen our reputation, and to continue the expansion of the network of schools and teachers adopting our teaching and learning SaaS offerings, but we cannot assure you that these efforts will be successful. If we are unable to further enhance our brand recognition, or if our brand image is negatively impacted by any negative publicity relating to our company, solution or products, regardless of its veracity, we may not be able to expand the network of schools and teachers adopting our teaching and learning SaaS offerings or attract students to our other educational products and services successfully or efficiently, and our business and results of operations may be materially and adversely affected.

If the market for our teaching and learning SaaS offerings and other business initiative develops more slowly than we expect, our operating results could be harmed.

The market for education SaaS businesses and other business initiatives is rapidly growing. Our future success will depend in large part on our ability to penetrate the existing market, as well as the continued growth and expansion of that market. It is difficult to predict customers' adoption and renewals of our subscriptions, demand for our platform, the size, growth rate and expansion of this market, changes in educational needs and focus of the market, the entry of competitive products or the success of existing competitive products. Our ability to penetrate the existing market with our teaching and learning SaaS offerings and other business initiatives depends on a number of factors, including the cost, performance and perceived value associated with our service and products, as well as potential customers' willingness to adopt our service and products. Many educational institutions are not used to paying for the type of services we offer on a subscription basis, and we may change our fee structure to cater to their needs. If we or other education SaaS business or other providers experience security incidents, loss of customer or user data, disruptions in delivery or other problems, the market as a whole, including our business, may be negatively affected. If our services and products, especially SaaS offerings, do not achieve market adoption in line with our expectations, or there is a reduction in demand caused by a lack of

acceptance, technological challenges, the changes in educational needs, weakening economic conditions, security or privacy concerns, competing technologies and products, decreases in corporate spending or otherwise, it could result in decreased revenue and our business could be adversely affected.

If we fail to keep up with rapid changes in technologies and educational needs, our future success may be adversely affected. Additionally, our introduction and use of AI may present business, compliance, and reputational challenges which could materially and adversely affect our business, financial condition, and results of operations.

We utilize our technology and data insights to facilitate the digital transformation and upgrade of Chinese schools, with a focus on improving the efficiency and effectiveness of core teaching and learning scenarios such as homework assignments and in-class teaching as well as to provide personalized and targeted learning and exercise content to improve students' learning efficiency. The success of our business will depend, in part, on our ability to adapt and respond effectively to the development of technology and changes in educational needs on a timely basis. If we are unable to develop new products that satisfy schools and students' latest educational needs and provide enhancements and new features for our existing products that keep pace with rapid technological and industry change, our business, results of operations and financial condition could be adversely affected. If new technologies emerge, such as advanced artificial intelligence technologies,that are able to deliver competitive products and services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely impact our ability to compete effectively.

Our teaching and learning SaaS offerings currently integrate with a number of hardware and software platforms combinations and can be customized to work with even broader situations and infrastructures, and we need to continually modify and enhance our products and services to adapt to changes and innovation in these technologies. Our SaaS offerings are based on tailored combination of a number of standardized modules covering classroom, question bank, homework assignments, learning content and multi-role reporting to suit the needs of different users. We may need to develop more modules to satisfy different customers' needs or changes in educational needs. This development effort may require significant resources, which would adversely affect our business, results of operations and financial condition. Any failure of our products and services to operate effectively with evolving or new technologies could reduce the demand for our products. We must continue to invest substantial resources in research and development to enhance our technology. If we are unable to respond to these changes in a cost-effective manner, our products may become less marketable and less competitive or obsolete, and our business, results of operations and financial condition could be adversely affected.

In addition, we have incorporated and utilized, and expect to continue to incorporate and utilize, AI technologies in our teaching and learning SaaS offerings, our AI-powered personalized learning offering, as well as our other educational products and services. As with most emerging technologies, AI comes with its own set of risks and challenges that could affect its adoption and our business. The regulatory and legal framework on AI is constantly evolving. However, since these laws and regulations are still relatively new and significant uncertainties remain with respect to their interpretation and implementation, the integration of AI technologies introduces risks related to data privacy, security, and regulatory compliance. Any failure to adequately address these concerns could result in legal liabilities, reputational damage, or financial penalties, which could negatively impact our business and financial performance. See also "—Risks Related to Our Business and Industry—The artificial intelligence industry is subject to evolving and extensive regulations. The adoption and use of artificial intelligence in our product offerings may subject us to potential infringement claims and increase our regulatory compliance costs."

We face significant competition, and if we fail to compete efficiently, we may lose our market share or fail to gain additional market share, which would adversely impact our business, financial condition and results of operations.

The in-school teaching and learning solutions industry and after-school education industry in mainland China are competitive, and we expect competition in this sector to persist and intensify. We face competition in both mainland China's educational SaaS market and after-school education market from other educational service providers and other products and services catering to similar demands. Some of our current or future competitors may have longer operating histories, greater brand recognition, or greater financial, technical or marketing resources than we do. We compete with these educational service providers across a range of factors, including, among others, the extent to which the approach and format of our products address customer needs, functions covering diversified educational scenarios and friendly user experience, high-quality content synchronized with local curriculum, textbook versions and academic assessment objectives, insights based on learning data and empowered by data analytics capabilities, application of a wide range of advanced technology in different

educational scenarios, effectiveness of customer services and sales and marketing efforts, and track record, trust and brand recognition. Our competitors may adopt similar marketing approaches, with different pricing and service packages for in-school educational solutions or after-school learning products that may have greater appeal than our offerings. Our competitors may also choose to adopt alternative solutions aimed at enhancing teaching and learning efficiencies in schools, utilizing various technologies or approaches, whether existing or emerging. We may also be affected by the potential consequences of constantly evolving AI technologies. In addition, some of our competitors may have more resources than we do and may be able to devote greater resources than we can to the development and promotion of their product and services and respond more quickly than we can to the changes in student preferences, testing materials, admission standards, market needs or new technologies. As a result, subscriptions to or purchases of our teaching and learning SaaS offerings and other educational products and services may decrease due to intense competition. If we reduce the price of our offerings or increase spending in response to competition in order to retain or attract students and other personnel, or pursue new market opportunities, our net revenues may decrease and our costs and expenses may increase as a result of such actions that may adversely affect our operating margins. If we are unable to successfully compete for students, maintain or increase the price level of our offerings, attract and retain key personnel, maintain our competitiveness in terms of the quality of our product and service offerings in a cost-effective manner, we may lose our market share and our profitability may be adversely affected.

The AI industry is subject to evolving and extensive regulations. The adoption and use of artificial intelligence in our product offerings may subject us to potential infringement claims and increase our regulatory compliance costs.

We are building AI into our product and service offerings. For example, we use AI technologies to improve the efficiency in creating educational content and guidance to students. We also use AI algorithms to provide more tailored learning experiences, delivering content, assessing student progress, and adapting instruction based on individual needs. As with many industrial innovations, AI also presents risks and challenges that could affect its adoption, and, therefore, our business. AI algorithms may be flawed and datasets may be insufficient or contain biased information. Inappropriate or controversial data practices by us or others could impair our AI solutions. Some AI scenarios present ethical issues and if we offer AI related products that are controversial because of the impact of AI on human rights, privacy, employment, or other social issues, we may experience reputational harm or be exposed to liability.

In addition, uncertainties remain as to the ownership and intellectual property protection of the AI-generated content and the use of AI-generated content tools may result in potential intellectual property infringement and other legal issues. If we fail to obtain necessary and commercially consents or permits in the use of such content, whether due to the inability to identify or verify the appropriate rights holder or for any other reason, we may be found to have infringed on the rights of others, potentially resulting in claims for monetary damages, regulatory fines and penalties, or a reduction of content available to users.

The regulatory and legal framework on generative AI is evolving rapidly and may not sufficiently cover all its aspects. PRC government authorities have gradually accelerated the pace of legislation for generative AI related technologies including algorithm recommendation and deep synthesis. The Administrative Provisions on the Deep Synthesis of Internet Information Services, issued by the Cyberspace Administration of China, the Ministry of Industry and Information Technology and the Ministry of Public Security on November 25, 2022 and effective on January 10, 2023, require the providers of deep synthesis services to, among other things, establish and maintain the management systems for algorithmic mechanism review, data security and personal information protection. The Provisional Measures on AI-Generated-Content Services, published on July 10, 2023 by seven governmental authorities including the Cyberspace Administration of China, also imposes compliance requirements for providers of generative AI services to fulfill their responsibilities as network information contents producers and fulfill their obligations of network information security. Besides, the Administrative Provisions on Internet Information Service Algorithm Recommendation established a nationwide mandatory algorithm filing system applicable to providers of algorithm-recommended service that have attributes of public opinions or are capable of social mobilization. As of the date of this annual report, we have completed the algorithm filing process for our existing AI services but our AI-powered personalized learning offering is still in the process. On March 14, 2025, the Cyberspace Administration of China released the Measures for Labeling Artificial Intelligence Generated Synthetic Contents, effective on September 1, 2025. According to these measures, network information service providers shall label the AI-generated synthetic content to inform the users that the content is AI-generated. Non-compliance with these regulations may subject the providers of

generative-AI services to penalties, including warning, public denouncement, rectification orders and suspension of the provision of certain services.

However, since these laws and regulations are still relatively new and significant uncertainties remain with respect to their interpretation and implementation, there remain uncertainties whether we are required to complete such security assessment and algorithm filing, and if so, we cannot assure you whether we will be able to comply with the requirements of such laws and regulations or complete additional registrations and filings in a timely manner or at all. If we are unable to complete all necessary filings and/or assessments, or if we have any dispute with any third party relating to intellectual property or data security, our business operation may be adversely affected.

Uncertainties exist in relation to the interpretation and implementation of, and proposed changes to, the PRC regulatory requirements regarding in-school educational solutions and after-school educational products and services, which may materially and adversely affect our business, financial condition and results of operations.

The smart in-school classroom solution industry and the after-school educational products and services industry in the PRC are subject to regulation in mainland China. Relevant rules and regulations are fast-evolving and could be changed to accommodate the development of education, in particular, markets and the further adoption of smart in-school classroom solutions from time to time.

The Chinese Ministry of Education, jointly with certain other PRC government authorities, issued the Opinions on Guiding and Regulating the Orderly and Healthy Development of Educational Mobile Apps on August 10, 2019, or the Opinions on Educational Apps, which requires, among others, mobile apps that offer services for school teaching and management, student learning and student life, or home-school interactions, with school faculty, students or parents as the main users, and with education or learning as the main application scenarios, be filed with the competent provincial regulatory authorities for education. To implement the Alleviating Burden Opinion, the Chinese Ministry of Education issued a notice on its official website on December 13, 2021, which requires that the previous filing of educational apps under the Opinions on Educational Apps shall be temporarily withdrawn and be subject to review and re-approval. As of the date of this annual report, we have completed the re-filing procedure of our in-school apps that form part of our teaching and learning SaaS offerings as required under the Opinions on Educational Apps and the above notice. However, we are still in the process of filing certain educational apps. As the Opinions on Educational Apps and its relevant implementation rules are evolving, we cannot assure you that we are in full compliance with all relevant rules and will be able to complete or maintain all necessary filing requirements and comply with other regulatory requirements under the Opinions on Educational Apps and their related rules and regulations in a timely manner, or at all. The governmental authorities may, from time to time, conduct inspections or impose more stringent regulatory approach on compliance with the Opinions on Educational Apps and the relevant local rules. If we fail to promptly complete or maintain any such filing and comply with other applicable regulatory requirements, we may be subject to fines, regulatory orders to suspend our apps or other regulatory and disciplinary sanctions. Furthermore, if any school that is deemed as users of our smart in-school classroom solution applications fails to file with the competent governmental authorities as required, such schools may be inquired by governmental authorities, which creates uncertainties as to whether such school would continue to use our smart in-school classroom solution applications, and our business may be materially and adversely affected. We also cannot preclude the possibility that other misconduct by schools or teachers may subject us to more stringent regulatory requirements, or limits on our operation or promotional activities. See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Related to Private Education” and “Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Related to After-school Tutoring and Online Private Education.”

Given the foregoing, the interpretation and application of the existing laws, regulations, implementation rules and interpretations that govern the online private education industry and the smart in-school/after-school learning solution industry would create substantial uncertainties regarding the legality of our business operation, which create risks that we may be found to violate the existing laws and regulations, including those under “Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Related to After-School Tutoring and Online Private Education.” It is also uncertain whether and how PRC government authorities would further promulgate new laws, regulations, implementation rules and interpretations applicable to online training institutions and the smart in-school/after-school learning solution industry, including regulation related to in-school electronic devices and those promulgated to apply more stringent social and ethical standards in the education sector in general. There is no assurance that we can comply with any newly promulgated laws and regulations in a timely manner or at all, and any failure to comply may materially and adversely affect our business, financial condition and results of operations.

We face uncertainties with respect to the development of regulatory requirements on operating licenses and permits for our online education services in mainland China. Failure to renew and maintain requested licenses or permits in a timely manner or obtain newly required ones due to adverse changes in regulations or policies could have a material adverse impact on our business, financial condition and results of operations.

The internet industry and education industry in mainland China are highly regulated by the PRC government. As an internet-based education service provider, we are required to obtain and maintain all necessary approvals, licenses or permits and make all necessary registration and filings applicable to our business operations in mainland China, and we may be required to apply for and obtain additional licenses or permits for our operations as the interpretation and implementation of current PRC laws and regulations are still evolving, and new laws and regulations may also be promulgated.

We print and provide physical education materials to certain users of our other educational products and services. If the government authorities deem our printing and provision of physical education materials to users as "publication of books" under Administrative Regulations on Publishing, we may be required to obtain a Publishing License or to entrust qualified publishers to publish such physical education materials, failure of which may subject us to penalties, including orders to cease illegal activities, discontinuation of operations, correction order, condemnation, fines, civil and criminal liability. As of the date of this annual report, each of Shanghai Hexu Information Technology Co., Ltd., or Shanghai Hexu, Beijing Yiqi Science Technology Co., Ltd., a wholly owned subsidiary of Shanghai Hexu, and Beijing Qili Technology Co., Ltd, or Beijing Qili, Zhiyouban (Shanghai) Technology Co., Ltd., or Shanghai Zhiyouban, holds a Publication Operation License. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Relating to Publishing." We may be required to apply for and obtain additional licenses, permits or recordation or expand the scope of the licenses so obtained by us, given the significant uncertainties of the interpretation and implementation of certain regulatory requirements applicable to online education business. As of the date of this annual report, educational content providers like us are not explicitly required to obtain the License for Online Transmission of Audio-Visual Programs or the Permit for Production and Operation of Radio and TV Programs primarily because there are no implementation rules or explicit interpretation from government authorities deeming internet education services as "internet audio-visual program services" and "radio and television program" as defined in relevant rules and regulations promulgated by relevant government authorities. If relevant government authorities deem our online educational content to constitute "online education activities" under the Amended Implementation Rules for the Private Education Law, our relevant operating entities may be required to obtain a private school operating permit. However, there is no definition of "online education activities" under the Amended Implementation Rules for the Private Education Law. In addition, as of the date of this annual report, there are no implementation rules or explicit interpretation from government authorities deeming the provision of our educational content to students and teachers through our applications and online platforms as "online publishing services" which requires an Online Publishing Service Permit. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Relating to Online Publishing." However, there is no assurance that local PRC authorities will not adopt different enforcement practice, or any PRC government will not issue more explicit interpretation and rules or promulgate new laws and regulations from time to time to further regulate the online education industry, which may subject us to additional licensing requirements to continue to operate our business. As of the date of this annual report, each of Shanghai Hexu, Beijing Yiqi Education Information Consultation Co., Ltd., or Beijing Yiqi Information and Shanghai Zhiyouban, has obtained a Permit for Production and Operation of Radio and TV Programs. Furthermore, Shanghai Hexu, Beijing Yiqi Information, Beijing Qili and Guangzhou Qili Technology Co., Ltd., or Guangzhou Qili, each currently holds a Value-added Telecommunications Business Operating License for certain internet information service, or ICP License. However, we cannot assure you that our ICP Licenses can be updated in a timely manner or at all with respect to business activities, websites and applications associated with our business operations because relevant laws and regulations are constantly evolving and can be subject to differing interpretations by PRC government authorities. Failures to obtain or update such licenses may subject us to fines, confiscation of relevant gains, suspend the operations of our online platforms and other liabilities. As of the date of this annual report, no material fines or other penalties have been imposed on us for failure to obtain such additional licenses, permits or filings, or to expand the scope of the licenses obtained by us.

There can be no assurance that once required, we will be able to obtain or maintain all the required approvals, licenses, permits and complete or maintain all necessary filings, recordation, renewals, expansion of scope, and registrations on a timely basis for our online education services, given the significant amount of discretion the PRC authorities may have in interpreting, implementing and enforcing rules and regulations, as well as other factors beyond our control and anticipation. In addition, there can also be no assurance that we will be able to maintain our existing licenses, approvals, registrations or permits. If we fail to obtain and maintain required permits, to expand scope of such permits obtained by us in a timely manner or obtain or renew any permits and

certificates, or fail to complete the necessary filings, recordation, renewals or registrations on a timely basis, we may be subject to fines, confiscation of the gains derived from our non-compliant operations, suspension of our noncompliant operations or claims for compensation of any economic loss suffered by the users of our products and services, and our business, financial conditions and operational results may be materially and adversely affected.

We have a history of net losses and we may not achieve profitability in the future.

We incurred net losses of RMB311.8 million, RMB192.9 million and RMB154.4 million (US$22.1 million), respectively, in 2023, 2024 and 2025. We also had negative cash flows from operating activities of RMB212.1 million, RMB139.2 million in 2023, 2024, respectively, and positive cash flows from operating activities of RMB37.3 million (US$5.3 million) in 2025. The cessation of the K-12 Academic AST Services and other measures we have taken to comply with the regulatory developments in mainland China have materially and adversely affected and will materially and adversely affect our financial condition and results of operations. We cannot assure you that we will be able to generate net profits or positive cash flow from operating activities in the future. Our ability to achieve profitability will depend in large part on our ability to generate enough revenue from our new business initiatives, increase our operating margin, either by growing our revenues at a rate faster than our costs and operating expenses increase, or by reducing our costs and operating expenses as a percentage of our net revenues. Accordingly, we intend to continue to invest to attract new educational authorities, schools and students, hire educational content development professionals and other personnel, expand our sales and distribution network for teaching and learning SaaS offerings, and strengthen our educational content development and technologies and data analytics capabilities to enhance user experience. These efforts may be more costly than we expect, and our net revenues may not increase sufficiently to offset the expenses. We may continue to take actions and make investments that do not generate optimal financial results and may even result in significantly increased operating and net losses in the short-term with no assurance that we will eventually achieve our intended long-term benefits or profitability. These factors, among others set out under “Item 3. Key Information—D. Risk Factors” may negatively affect our ability to achieve profitability in the near term, if at all.

In addition, our historical financial and operating results are not indicative of our future performance. Substantial uncertainties exist with respect to the profitability and cash generating capability of our new businesses. Our revenues, expenses and operating results may vary from quarter to quarter and from year to year in response to a variety of other factors beyond our control, including but not limited to: general economic conditions, changes in regulatory environment and policies, detrimental negative publicity about us, our competitors or our industry, changes in consumers’ spending patterns, and non-recurring charges incurred in connection with acquisitions or other extraordinary transactions or unexpected circumstances. As a result of these and other factors, we believe that period-to-period comparisons of our operating results may not be meaningful and should not be relied upon as an indicator of future performance. Furthermore, our past results may not be indicative of future performance due to the development or acquisition of new businesses.

Any failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights or defend against third-party allegations of infringement may be costly and ineffective.

We believe that our patents, copyrights, trademarks and other intellectual property are essential to our success. We have devoted considerable time and energy to the development and improvement of our websites, applications, our system infrastructure and our educational content for our product and service offerings.

We rely primarily on patents, copyrights, trademarks, trade secrets and other contractual restrictions for the protection of the intellectual property used in our business. Nevertheless, these provide only limited protection and the actions we take to protect our intellectual property rights may not be adequate. Furthermore, our pending intellectual property right applications may be rejected. Our trade secrets may become known or be independently discovered by our competitors. Third parties may in the future pirate our educational content developed in-house and may infringe upon or misappropriate our other intellectual property. Infringement upon, or the misappropriation of, our proprietary technologies or other intellectual property could have a material adverse effect on our business, financial condition or results of operations. Although we have taken measures to monitoring and policing the unauthorized use of our copyrighted educational content for our product and service offerings, policing the unauthorized use of intellectual property rights can be difficult and expensive. Some educational content development professionals may continue to use this content if they resign with us and join our competitors, which may negatively impact the attractiveness of our products to prospective students and parents, and our intellectual property rights for such content could be costly and time consuming to defend. Although we have entered into agreements with certain educational content development professionals to prohibit them from

using our content without our prior consent, we cannot ensure compliance of educational content development professionals with such agreement.

Furthermore, litigation may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. Such litigation may be costly and divert management's attention away from our business. An adverse determination in any such litigation would impair our intellectual property rights and may harm our business, prospects and reputation. Enforcement of judgments in China is uncertain, and even if we are successful in litigation, it may not provide us with an effective remedy. In addition, we have no insurance coverage against litigation costs and would have to bear all costs arising from such litigation to the extent we are unable to recover them from other parties. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

We may be involved in legal and other disputes from time to time arising out of our operations, in particular for allegations relating to our infringement of intellectual property rights of third parties, which may be expensive to defend and may disrupt our business and operations.

We have and may continue to be involved in legal and other disputes in the ordinary course of our business, including allegations against us for potential infringement of third-party copyrights or other intellectual property rights. We may also encounter disputes from time to time over rights and obligations concerning intellectual property rights and other legal rights, in particular third-party copyrights that may be infringed by us in our business operation, and we may not prevail in those disputes. Our educational content is typically subject to internal review before being approved to launch and our content moderation personnel monitor our in-school and after-school products and services. We have also adopted policies and procedures to prohibit our employees from infringing upon third-party copyrights or, other intellectual property rights. However, we cannot assure you that our efforts will be effective in preventing potential infringement of third-party intellectual property rights. The students, teachers and parents using our applications or websites may post unauthorized third-party content on our applications or websites, which we may not be able to detect in time, or at all. We may incur liability for unauthorized duplication or distribution of materials posted on our applications or websites or used in our classes. We have been and are now subject to allegations on the grounds of intellectual property rights infringement and other legal theories based on the content of the materials that we distribute or use in our business operation.

Any claims against us, with or without merit, could be time-consuming and costly to defend or litigate, divert our management's attention and resources or result in the loss of goodwill associated with our brand. The application and interpretation of mainland China's intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights in mainland China, and the laws governing personal rights are still evolving and remain uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If a lawsuit against us is successful, we may be required to pay substantial damages and/or enter into royalty or license agreements with commercially unreasonable terms, or we may be unable to enter into such agreements at all. We may also lose, or be limited in, the rights to offer some of our SaaS offerings, parts of our products or be required to make changes to our educational content for our product and service offerings, applications or other software. As a result, the scope of our educational content for our product and service offerings could be reduced, which could adversely affect the effectiveness of our curriculum, limit our ability to attract new students, limit the effectiveness of and slow down the speed of adoption of our smart in-school classroom solution, harm our reputation and have a material adverse effect on our results of operations and financial condition.

We and certain of our directors or officers have been named as defendants in a putative shareholder class action lawsuit that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation.

We and certain of our officers and directors were named as defendants in a putative securities class action filed on July 19, 2022 in the U.S. District Court for the Central District of California, captioned *Zhang v. 17 Educ. & Tech. Grp. Inc. et al,.* No. 2:22-cv-04937. The action was purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of alleged misstatements and omissions in the Company's IPO prospectus and registration statement, allegedly in violation of the Sections 11, 12(a)(2) and 15 of the U.S. Securities Act of 1933. On October 24, 2022, the Court appointed Lead Plaintiffs and Lead Counsel. On November 18, 2022, the case was transferred to the U.S. District Court for the Southern District of New York under the caption *Zhang v. 17 Educ. & Tech. Grp. Inc. et al,.* No. 1:22-cv-09843. On January 31, 2023, Lead Plaintiffs filed an Amended Complaint. The Company filed its motion to dismiss the Amended Complaint on March 31, 2023. In July 2023, Magistrate Judge Stewart Aaron recommended that the Court grant Defendants' motion to dismiss. In November 2023, District Judge Lewis Kaplan adopted the Magistrate Judge's recommendation, and issued a

judgment dismissing the complaint in its entirety with prejudice. Plaintiffs' time to appeal has lapsed, and the matter is now considered closed. In addition, we may also face new legal proceedings, claims and investigations in the future. The existence of such cases and any adverse outcome of these cases, including any plaintiff's appeal of a judgment, could have a material adverse effect on our business, reputation, financial condition, results of operations, cash flows as well as the trading price of our ADSs. Resolution of these matters may utilize a significant portion of our cash resources and divert management's attention from the day-to-day operations of our company, all of which could harm our business. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

If our security measures are breached or fail, resulting in unauthorized disclosure or unintended leakage of data, we could lose existing students, fail to attract new students and be exposed to protracted and costly litigation.

Maintaining platform security is of critical importance to us because we store and transmit proprietary and confidential information, which includes proprietary and confidential student, teacher and parent information, such as names, addresses, ID card numbers, bank account numbers and other personal information as well as personal academic learning and teaching information, all of which is primarily stored in our digital database. To ensure the confidentiality and integrity of our data, we maintain a comprehensive and rigorous data security program. For example, we have implemented advanced data encryption measures to ensure secured storage and transmission of data, and prevent any unauthorized access or use of our user data. See "Item 4. Information on the Company—B. Business Overview—Data Privacy and Security." These measures, however, may not be as effective as we anticipate. As an education technology company, we face an increasing number of threats to our platform and computer systems, including unauthorized activity and access, system viruses, worms, malicious code, denial of service attacks, phishing attacks, and organized cyberattacks, any of which could breach our security and disrupt our platform and technology infrastructure. The techniques used by computer hackers and cyber criminals to obtain unauthorized access to data or to sabotage computer systems change frequently and generally are not detected until after an incident has occurred. We have implemented certain safeguards and processes to thwart hackers and protect the data in our platform and computer systems. However, our efforts to maintain the security and integrity of our platform, and the cybersecurity measures taken by our third-party service providers may be unable to anticipate, detect or prevent all attempts to compromise our systems. If our security measures are breached or fail as a result of third-party action, employee error, malfeasance or otherwise, it could result in the loss or misuse of or authorized third-party access to proprietary and confidential student, teacher, parent, employee and company information, which could subject us to liability, interrupt our business or adversely affect our reputation, potentially over an extended period of time.

Increased regulation of data utilization practices, including self-regulation, under existing laws that limit our ability to collect, transfer and use data, could have an adverse effect on our business. If we were to disclose data about students, teachers, parents and other users of our products and services in a manner that was objectionable to them, our business reputation could be adversely affected, and we could face potential legal claims that could impact our operating results. Failure to comply with these obligations could subject us to liability, and to the extent that we need to alter our business model or practices to adapt to these obligations, we could incur additional expenses.

Any of these issues could harm our reputation, adversely affect our ability to attract and enroll prospective students, adversely affect our ability to maintain our filings, cause prospective students not to enroll or stay enrolled, cause schools and teachers to not adopt or cease their use of our smart in-school classroom solution, or subject us to third-party lawsuits, regulatory fines or other action or liability. Further, any reputational damage resulting from breach of our security measures could create distrust of our company by prospective students, teachers, parents or investors. We may be required to expend significant additional resources to protect us against the threat of security measures breaches or to alleviate problems caused by such disruptions or breaches.

We are subject to a variety of laws and other obligations regarding data protection. Many of these laws and regulations are subject to change and uncertain interpretation, and any actual or alleged failure to comply with applicable laws and obligations could have a material adverse effect on our business, financial condition and results of operations.

Our business generates and processes a large quantity of data. We face risks inherent in handling and protecting large volume of data. In particular, we face a number of challenges relating to data from transactions and other activities on our platforms, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior or improper use by our employees;
- addressing concerns related to privacy and sharing, safety, security and other factors; and
- complying with applicable laws, rules and regulations relating to the collection, use, storage, transfer, disclosure and security of personal information, including any requests from regulatory and government authorities relating to these data.

Data security and data protection compliance receives heightened attention from domestic and global regulators and attracts great public scrutiny, which could increase our compliance costs going forward and subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, we could become subject to penalties, including fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

The PRC regulatory and enforcement regime with regard to data security and data protection is evolving and may be subject to different interpretations or significant changes. Moreover, different PRC regulatory bodies, including the Standing Committee of the National People's Congress, the Ministry of Industry and Information Technology, the Cyberspace Administration of China, the Ministry of Public Security and the State Administration for Market Regulation, have enforced data privacy and protections laws and regulations with varying standards and applications. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Relating to Internet Information Security and Privacy Protection." The following are examples of certain recent PRC regulatory activities in this area:

In June 2021, the Standing Committee of the National People's Congress promulgated the Data Security Law, which took effect in September 2021. The Data Security Law, among other things, provides for security review procedure for data-related activities that may affect national security. In July 2021, the state council promulgated the Regulations on Protection of Critical Information Infrastructure, which became effective on September 1, 2021. Pursuant to this regulation, critical information infrastructure means key network facilities or information systems of critical industries or sectors, such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defense science, the damage, malfunction or data leakage of which may endanger national security, people's livelihoods or the public interest. In addition, critical information infrastructure operator identification rules shall be formulated and clarified by the competent departments and supervision and management departments of important industries and sectors in future legislation. These departments will then be responsible for identifying the critical information infrastructure in their respective industries and notifying the operators who are identified as a critical information infrastructure operator on timely basis. In December 2021, the Cyberspace Administration of China, together with other authorities, jointly promulgated the Cybersecurity Review Measures, or the Revised Cybersecurity Review Measures, which became effective on February 15, 2022 and replaces its predecessor regulation. Pursuant to the Revised Cybersecurity Review Measures, a critical information infrastructure operator that procures internet products and services or a network platform operator that conducts data processing activities must be subject to the cybersecurity review if their activities affect or may affect national security. The Revised Cybersecurity Review Measures further stipulates that network platform operators that hold personal information of over one million users and seek to list abroad shall apply with the Cybersecurity Review Office for a cybersecurity review. Our PRC counsel has consulted the relevant government authority in mainland China, which confirmed that, under the currently effective laws and regulations in mainland China, a company already listed in a foreign stock exchange before promulgation of the Revised Cybersecurity Review Measures is not required to go through a cybersecurity review by the Cyberspace Administration of China to maintain its listing status on the foreign stock exchange on which its securities have been listed. Therefore, we believe that under the currently effective laws and regulations in mainland China, we are not required to go through a cybersecurity review by the Cyberspace Administration of China for our past issuance of securities to foreign investors through public offering and maintaining our listing status on Nasdaq. As of the date of this annual report, no detailed rules or

implementation rules have been issued by any authority and we have not been informed that we are a critical information infrastructure operator by any government authorities. Furthermore, the exact scope of "critical information infrastructure operators" and the criteria for the determination of "affect or may affect national security" under the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of the applicable laws. Therefore, it is uncertain whether we would be deemed to be a critical information infrastructure operator or whether our data processing activities would be deemed to affect or may affect national security under PRC law. If we are deemed to be a critical information infrastructure operator or our data processing activities are deemed to affect or may affect national security under the PRC cybersecurity laws and regulations, we may be subject to obligations in addition to what we have fulfilled under the PRC cybersecurity laws and regulations.

In October 2023, the Cyberspace Administration of China promulgated the Regulation on the Cyber Protection of Minors which took effect on January 1, 2024. This Regulation further improve the regulatory requirements relating to minor's cyber protection, pursuant to which (i) once locating minors' private information or minors' personal information released through the Internet involving private information, network service providers shall prompt and take necessary protective measures such as stopping the transmission to prevent the information from spreading; (ii) the staff of personal information processor shall be approved by the responsible person or his/her authorized management personnel before accessing minors' personal information, record the access situation, and take technical measures to avoid illegal processing of the personal information of minors. Further, on December 26, 2025, eight regulators including the Cyberspace Administration of China issued the Measures for the Classification of Network Information That May Affect the Physical and Mental Health of Minors, effective on March 1, 2026, which categorizes such harmful information, clarifies identification and labeling rules, and prohibits disseminating it in minor-targeted services or displaying it in prominent sections. On December 29, 2025, the general office of the Cyberspace Administration of China issued a notice requiring personal information processors handling minors' personal information to submit annual compliance audit reports for the prior year by the end of January each year.

On September 24, 2024, the State Council of the PRC promulgated the Regulations on Network Data Security Management, which became effective on January 1, 2025. The regulations provide that data processors shall apply for a cybersecurity review in accordance with relevant laws and regulations if their data processing activity affects or may affect national security. However, there have been no clarifications from the relevant authorities as of the date of this annual report as to the standards for determining whether an activity is one that "affects or may affect national security." In addition, the regulations requires that processors of important data shall conduct risk assessment of their network data processing activities on an annual basis and submit risk assessment reports to the competent authorities at or above the provincial level, which shall in turn promptly notify the cyberspace administration and the public security organ at the same level. On March 22, 2024, the Cyberspace Administration of China published the Provisions on Promoting and Regulating Cross-bound Data Flows, pursuant to which if the data have not been informed or publicly announced as "important data" by the relevant authorities or regions, data processors are not required to declare security assessment for cross-border provision of the data as important data. As of the date of this annual report, we have not been informed or announced by any authorities that any data we process is important data.

Many of the data-related legislations are relatively new and certain concepts thereunder remain subject to interpretation by the regulators. If any data that we possess belongs to data categories that are subject to heightened scrutiny, we may be required to adopt stricter measures for protection and management of such data. The Revised Cybersecurity Review Measures remains unclear on whether the relevant requirements will be applicable to companies that are already listed in the United States, such as us. We cannot predict the impact of the Revised Cybersecurity Review Measures, if any, at this stage, and we will closely monitor and assess any development in the rule-making process. If the Revised Cybersecurity Review Measures mandates clearance of cybersecurity review and other specific actions to be taken by issuers like us, we face uncertainties as to whether these additional procedures can be completed by us timely, or at all, which may subject us to government enforcement actions and investigations, fines, penalties, suspension of our noncompliant operations, or removal of our app from the relevant application stores, and materially and adversely affect our business and results of operations. As of the date of this annual report, we have not been involved in any formal investigations on cybersecurity review made by the Cyberspace Administration of China on such basis.

In general, compliance with the existing PRC laws and regulations, as well as additional laws and regulations that PRC regulatory bodies may enact in the future, related to data security and personal information protection, may be costly and result in additional expenses to us, and subject us to negative publicity, which could harm our reputation and business operations. There are also uncertainties with respect to how such laws and regulations will be implemented and interpreted in practice.

We have been taking and will continue to take reasonable measures to comply with such laws, regulations, announcement and provisions; however, as the laws, regulations, announcement and provisions are relatively new, it remains uncertain how these announcements and provisions will be implemented. We cannot assure you we can adapt our operations to it in a timely manner. Evolving interpretations of such laws, regulations, announcements and provisions or any future regulatory changes might impose additional restrictions on us generating and processing personal and behavioral data. We may be subject to additional regulations, laws and policies adopted by the PRC government to apply more stringent social and ethical standards in data privacy resulting from the increased global focus on this area. To the extent that we need to alter our business model or practices to adapt to these announcement and provisions and future regulations, laws and policies, we could incur additional expenses. In addition, there are relevant laws and regulations in Hong Kong regarding data protection, such as the Personal Data (Privacy) Ordinance and the Unsolicited Electronic Messages Ordinance which impose protocols and obligations regarding the handling of personal data including that, among other things, (i) personal data shall be collected for a lawful purpose, necessary and not excessive, (ii) personal data shall be collected by means that are lawful and fair in the circumstances of the case, (iii) the person from whom personal data is collected is informed of the purpose of collecting the data, and (iv) personal data shall not be used for any new purpose which is not or is unrelated to the original purpose when collecting the data, unless with the data subject's express and voluntary consent. As of the date of this annual report, although certain of our subsidiaries are holding companies located in Hong Kong, we do not conduct external business operations or engage in revenue-generating activities with external third parties in Hong Kong. Any services provided by such Hong Kong subsidiaries are limited to internal support services rendered to other entities within our Group. If we conduct business operations and access bulk data in Hong Kong in the future, we may be required to incur additional cost to ensure our compliance with such laws and regulations, and any violation could result in a material adverse impact on our business, reputation and results of operations.

Any failure, or perceived failure, by us, or by our third-party partners, to maintain the security of our user data or to comply with applicable privacy, cybersecurity, data security and personal information protection laws, regulations, policies, contractual provisions, industry standards, and other requirements, may result in civil or regulatory liability, including governmental or data protection authority enforcement actions and investigations, fines, penalties, enforcement orders requiring us to cease operating in a certain way, litigation, or adverse publicity, and may require us to expend significant resources in responding to and defending allegations and claims. Moreover, claims or allegations that we have failed to adequately protect our users' data, or otherwise violated applicable privacy, cybersecurity, data security and personal information protection laws, regulations, policies, contractual provisions, industry standards, or other requirements, may result in damage to our reputation and a loss of confidence in us by students, teachers, parents or our partners, potentially causing us to lose product subscriptions, school partners, content providers, other business partners and revenues, which could have a material adverse effect on our business, financial condition and results of operations.

If third-party education materials publishers and partners refuse to grant us intellectual property rights to educational content on acceptable terms or terminate their agreements with us, or if we are unable to adequately protect their educational content rights, our business could be adversely affected.

We may rely on licenses from third-party education materials publishers and partners to distribute digital education textbook content to our school partners, teachers and students and to develop our other education products and services. The contracts or arrangements with most publishers and partners are typically subject to renewal every one to three years and thus the long-term availability of such digital content is affected by potential future changes. If we are unable to secure and maintain the rights to distribute, or otherwise use, the digital content upon terms that are acceptable to us, we would not be able to acquire such digital content from other sources and our ability to attract more schools and teachers to adopt our teaching and learning SaaS offerings or new students to purchase our other educational products and services and retaining existing schools, teachers and students could be adversely impacted. Moreover, to the extent we are able to secure and maintain rights to distribute, or otherwise use, the digital textbook content, our competitors may be able to obtain the same rights on more favorable terms.

In addition, our ability to distribute, or otherwise use, digital textbook content depends on publishers' belief that we include effective digital rights management technology to control access to such digital content. If the digital rights management technology that we use is compromised or otherwise malfunctions, we could be subject to claims, and publishers may be unwilling to include their content in our product and service offerings, which would adversely affect our business and prospects.

Refunds or potential refund disputes of our service fees may negatively affect our cash flows, financial condition, and reputation.

We offer refunds for customer advances for our other educational products and services. The number of refund requests and the amount of refunds could be affected by a number of factors, many of which are beyond our control. These factors include, without limitation to, student and parent dissatisfaction with our product quality and our educational content offerings, privacy concerns relating to our services, negative publicity regarding us, and any change or development in PRC laws and regulations with respect to fees charged by educational service providers like us. Any refund payments that we may be required to make to our users, as well as the expenses we could incur for processing refunds and resolving refund disputes, could be substantial and could adversely affect our business operations and financial condition. A high volume of refunds and refund disputes may also generate negative publicity that could harm our reputation. In addition, we lease educational products under our teaching and learning SaaS offerings to schools. If any incidents occur resulting in damage to our educational products, our financial condition, results of operations or business could be adversely affected.

The success and future growth of our business will be affected by educational authorities, teacher, student and parent acceptance of and market trends in integration of technology and education.

We operate at the intersection of the education and technology industries, and our business model features integrating technology closely with education to provide a more efficient and engaging learning experience. However, the integration of technology and education remains a relatively new concept in mainland China, and there are limited proven methods to project user demand or preference or available industry standards on which we can rely. For example, despite the positive momentum and growing acceptance of our teaching and learning SaaS offering, there is no guarantee that it will also be well received by the broader education and teaching community. We cannot assure you that our products and services will continue to be attractive to our users in the future. If our teaching and learning SaaS offering and our other educational products and services, all of which utilize data insights and technology, become less appealing to our users, our business, financial condition and results of operations could be materially and adversely affected.

Any significant disruption to or failures of our information technology systems, including events beyond our control, could reduce user satisfaction and could harm our reputation and cause our education services to be less attractive to the users of our products and services.

The performance and reliability of our information technology system is critical to our operations and reputation. Our network infrastructure is currently deployed and our data is currently mainly maintained through several third-party internet data centers and cloud computing service providers in mainland China. Our operations depend on each of the data centers' and service providers' ability to protect its and our system in its facilities against events such as damage or interruption from natural disasters, power or telecommunications failures, air quality issues, environmental conditions, computer viruses or attempts to harm our systems, criminal acts and similar events, which events are beyond our control. If our arrangements with such data centers and service providers are terminated or if there is a lapse of service or damage to any of their facilities, we could experience interruptions in our service. Although we continually back up our databases on both real-time and delayed bases, we may still lose important operating data or suffer disruption to our operations if there is a failure of the database system or the backup system. We may be required to invest significant resources in protecting against the foregoing technological disruptions, or to remediate problems and damages caused by such incidents, which could increase the cost of our business and in turn adversely affect our financial conditions and results of operations. We cannot assure you that we will be able to expand our information technology infrastructure in a timely and cost-effective manner. Any interruptions in the accessibility of or deterioration of the quality of access to our system could reduce teachers', students' and parents' satisfaction and reduce the attractiveness of our teaching and learning SaaS offerings and other educational products and services, which would result in reduction in the number of teachers using our teaching and learning SaaS offerings and number of students purchasing our other educational products and services. Although we have not experienced any significant disruptions to or failures of our information technology systems, we cannot assure you that such disruptions or failures will not happen in the future.

In addition, we rely on third-party mobile application distribution channels, such as the Apple App Store and Android application stores, to distribute our mobile applications to students, teachers and parents. As such, the promotion, distribution and operation of our mobile applications are subject to such distribution channels' standard terms and policies for application developers, which are subject to the interpretation of, and frequent changes by, these distribution channels. If the Apple App Store, Android application stores or any other major distribution channel interprets or changes its standard terms and conditions in a manner that is detrimental to us in the future, or terminate its existing relationship with us, or if any third-party infringement claims are brought against our mobile applications, our mobile applications could be temporarily or permanently removed from such third-party mobile application distribution channels and our business, financial condition and results of operations may be materially and adversely affected.

If we fail to adopt new technologies that are important to our business, in particular the technology upgrades related to AI, our competitive position and ability to generate revenues may be materially and adversely affected.

The technology used in internet and value-added telecommunications services in general, and in online education services in particular, may evolve and change over time. We believe our technologies are core to our success and are critical to the implementation of our business model. In particular, implementation of technologies to improve teaching efficiency is an important part of our smart in-school classroom solution and is critical to attracting new teachers to adopt our solution. As an education technology company, we must anticipate and adapt to such technological changes and adopt new technologies in a timely fashion. We also rely on our data and technology capabilities to build and maintain our platform and infrastructure. We cannot assure you that we can keep up with the fast pace of the technology industry, and continue to develop, innovate and utilize our proprietary capabilities. In particular, the application of technology in education is still at an early stage and under exploration. Our technologies may become obsolete or insufficient, and we may have difficulties in following and adapting to technological changes in the online education industry in a timely and cost-effective manner. New solutions and technologies developed and introduced by competitors could render our technology obsolete. Developing and integrating new technologies into our existing programs and algorithms could be expensive and time-consuming. We may not succeed in developing and incorporating new technologies at all. If we fail to continue to develop, innovate and utilize our technologies effectively and on a timely basis, our business, financial performance and prospects could be materially and adversely affected.

If our AI programs or proprietary data analytics algorithms, especially those related to localized and real-time educational content generation, are flawed or ineffective, our business and reputation could be harmed.

We rely on our proprietary data analytics algorithms to analyze student homework and academic assessment results data and based thereon to generate personalized and localized recommended study questions for students and teachers to aid in their learning and teaching, respectively, and to continually develop and improve the educational content offered in our products and services. Although we have invested substantially in the development and continued improvement of our algorithms, we cannot assure you that our algorithms do not and will not carry any flaw or defect that could compromise our data analysis results. Particularly, some of these flaws or defects may not become evident until the algorithm is put to actual usage or after its continued failure to accurately generate on-point personalized or localized study question recommendations. Even if the algorithm is properly designed, its performance may be affected by the quality and volume of student learning performance data we aggregated. We also expect to experience significant growth in the amount of data we need to process as we continue to develop our business and enlarge our user base. As the amount of data and variables we process increases, the calculations that our algorithms must process become increasingly complex and the likelihood of any defect or error increases. In addition, a significant component of our smart in-school classroom solution is powered by our AI programs, which address complex challenges such as autoscoring, speech recognition and evaluation and grammar error detection. We may incur significant expenses to remediate any defects in our AI programs or data analytics algorithms, or may not be able to correct them at all. Although we have not experienced any material defects to date, we cannot assure you that our AI programs and algorithms are flawless. If any incidents of material defects took place, our student and teacher experiences with our products and services would be significantly harmed, and they may lose confidence and trust in our products and services. As a result, we may incur significant reputational damage and market share loss.

Any inability to adequately and promptly respond to changes in examination systems, admission standards, test materials, teaching methods and regulation changes in the PRC could render our products and services less attractive to educational authorities, schools, teachers, students and parents.

In mainland China, school admissions rely heavily on examination results, and students' performance in these exams is critical to their education and future employment prospects. It is therefore common for students to pursue after-school learning to improve their test performance. Accordingly, the success of our business to a large extent depends on the continued use of entrance exams or tests by schools in their admissions. However, such heavy emphasis on examination scores may decline or fall out of favor with educational institutions or government authorities in mainland China.

Admission and assessment processes undergo constant changes, in terms of subject and skill focus, question type, examination format and the manner in which the processes are administered. We are therefore required to continually update and enhance our educational contents, product features and technology focuses. Any failure to respond to the changes in a timely and cost-effective manner will adversely impact the marketability of our solutions and products, which would have a material adverse effect on our business, financial condition and results of operations.

Regulations and policies that decrease the weight of scholastic competition achievements in the admissions process mandated by government authorities or adopted by schools may have an impact on our enrollments. For example, the Chinese Ministry of Education issued certain implementation guidelines to clarify that local educational administrative departments at all levels, public schools and private schools are not allowed to use examinations to select their students for admission to middle schools from primary schools. As a result, public schools may not use various competitions or examination certificates as the criteria or basis for enrollment. Failure to track and respond to these changes in a timely and cost-effective manner would render our services and products less attractive to students, which may materially and adversely affect our reputation and ability to continue to attract students.

We may not be able to timely develop our educational content in a cost-effective manner to make them appealing to existing and prospective students, or at all

Our educational content development team works closely with our sales and service team on developing, updating and improving our existing educational content and developing new educational content to stay abreast of the latest educational trends and changes in education curricula and textbook content in their respective subject areas. The adjustments, updates and expansions of our existing educational content and the development of new educational content may not be accepted by existing or prospective students. Even if we are able to develop acceptable new educational content for our product and service offerings, we may not be able to introduce them as quickly as students require or as quickly as our competitors introduce competing offerings. Furthermore, offering new educational content or upgrading existing ones may require us to commit significant resources and make significant investments in educational content development. If we are unsuccessful in pursuing educational content development and upgrading opportunities due to the financial constraints, failure to attract educational content development professionals, or other factors, our ability to attract and retain students could be impaired and our financial results could suffer.

We cannot assure you that we will not be subject to liability claims for any inappropriate or illegal content in our educational content offerings, which could cause us to incur legal costs and damages our reputation.

Although we implement various content moderation procedures, we cannot assure you that there will be no inappropriate or illegal content included in our educational content or applications and websites. In addition, certain of our educational content, which is designed internally based on our understanding of the examination requirements and other factors, may be investigated by the regulatory authorities. We may face civil, administrative or criminal liability or legal or regulatory sanctions, such as requiring us to restrict or discontinue our content, products or services, if an individual or corporate, governmental or other entity believes that any of our educational content or content displayed on our applications and websites violates any laws, regulations or governmental policies or infringes upon its legal rights. Even if such a claim were not successful, defending such a claim may cause us to incur substantial costs. Moreover, any accusation of inappropriate or illegal content in our educational content offerings or our applications and websites could lead to significant negative publicity, which could harm our reputation, business, financial condition and results of operations.

The recognition of our brand may be adversely affected by any negative publicity concerning us and our business, shareholders, affiliates, directors, officers and other employees, as well as the industry in which we operate, regardless of its accuracy, that could harm our reputation and business.

We believe that the market recognition of our brand has significantly contributed to the success of our business and that maintaining and enhancing our brand recognition is critical to sustaining our competitive advantages. Negative publicity about us and our business, shareholders, affiliates, directors, officers, educational experts, sales and service representatives and other employees and other full-time and part-time workers supplied by third-party service providers, as well as the industry in which we operate, can harm the recognition of our brand. Negative publicity, regardless of merits, could be related to a wide variety of matters, including but not limited to:

- alleged misconduct or other improper activities committed by the users of our products and services or our directors, officers, educational experts, sales and service representatives and other employees and other full-time and part-time workers supplied by third-party service providers, including misrepresentation made by our employees or full-time and part-time workers supplied by third-party service providers to potential students, teachers and parents during sales and marketing activities, and other fraudulent activities to artificially inflate the popularity of our products or services offerings;

- false or malicious allegations or rumors about us or our directors, shareholders, affiliates, officers, educational experts, sales and service representatives and other employees and other workers supplied by third-party service providers;

- complaints by students, teachers and parents about our product and service offerings;

- refund disputes of fees between us and students and their parents or administrative penalties;

- security breaches of private user or transaction data;

- employment-related claims relating to alleged employment discrimination, wage and hour violations; and

- governmental and regulatory investigations or penalties resulting from our failure to comply with applicable laws, regulations and policies, including those adopted by the government to apply more stringent social, ethical and environmental standards in connection with increased global focus on these areas.

For example, in October 2018, it was reported that certain of our self-directed learning resources contained certain interactive, multi-media features that distracted students from learning and, in some cases, caused students to spend money on certain functions. We responded quickly to such reports and conducted a thorough internal investigation of all of our applications and learning resources to modify or remove, as applicable, any potentially improper content and features in such applications and resources. We also ceased to provide such self-directed learning resources and offered to refund money that were spent by students.

In addition to traditional media, there has been an increasing use of social media platforms and similar technologies in mainland China, including instant messaging applications, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability of information on instant messaging applications and social media platforms is virtually immediate as is its impact without affording us an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our company, shareholders, affiliates, directors, officers, educational experts, sales and service representatives and other employees and other workers supplied by third-party service providers, may be posted on such platforms at any time. The risks associated with any such negative publicity or incorrect or misleading information cannot be completely eliminated or mitigated and may materially harm the recognition of our brand, reputation, business, financial condition and results of operations.

If our senior management and other key personnel are unable to work together effectively or efficiently or if we lose their services, our business may be severely affected.

The continued services of our senior management and other key personnel are important to our continued success. In particular, we rely on the expertise and experience of Mr. Andy Chang Liu, our founder, chairman and CEO. We also rely on the experience and services from other senior management. If they cannot work together effectively or efficiently, our business may be severely disrupted. If one or more of our senior management were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all, and our business, financial condition and results of operations may be materially and adversely affected. Competition for experienced management personnel in the online education industry is intense, the pool of qualified candidates is limited, and we may not be able to retain the services of our senior executives or key personnel, or to attract and retain high-quality senior executives or key personnel in the future. If any of our senior management joins a competitor or forms a competing business, we may lose students, teaching staff, and other key professionals and staff members. Our senior management has entered into employment agreements with us which contain confidentiality and non-compete clauses. However, if any dispute arises between our senior management and us, we may have to incur substantial costs and expenses in order to enforce such agreements in mainland China or we may be unable to enforce them at all.

Our success also depends on our having highly trained content and product development, financial, technical, human resource, sales and marketing staff and management personnel. A shortage in the supply of personnel with requisite skills or our failure to recruit them could impede our ability to increase revenues from our existing products and services, to launch new offerings and to expand our operations, and would have an adverse effect on our business and financial results.

We are subject to third-party payment processing-related risks.

We accept payments through major third-party online payment channels in mainland China, as well as bank transfers for our customers. We may also be susceptible to fraud, user data leakage and other illegal activities in connection with the various payment methods we offer. In addition, our business depends on the billing, payment and escrow systems of the third-party payment service providers to maintain accurate records of payments by customers and collect such payments. If the quality, utility, convenience or attractiveness of these payment processing and escrow services declines, or if we have to change the pattern of using these payment services for any reason, the attractiveness of our company could be materially and adversely affected. We are also subject to various rules, regulations and requirements, regulatory or otherwise, governing electronic funds transfers which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, we may be subject to fines and higher transaction fees and become unable to accept the current online payments solutions from our customers, and our business, financial condition and results of operations could be materially and adversely affected. Business involving online payment services is subject to a number of risks that could materially and adversely affect third-party online payment service providers' ability to provide payment processing and escrow services to us, including:

- dissatisfaction with these online payment services or decreased use of their services;
- increasing competition, including from other established Chinese internet companies, payment service providers and companies engaged in other financial technology services;
- changes to rules or practices applicable to payment systems that link to third-party online payment service providers;
- breach of customers' personal information and concerns over the use and security of information collected from buyers;
- service outages, system failures or failures to effectively scale the system to handle large and growing transaction volumes;
- increasing costs to third-party online payment service providers, including fees charged by banks to process transactions through online payment channels, which would also increase our cost of revenues; and
- failure to manage funds accurately or loss of funds, whether due to employee fraud, security breaches, technical errors or otherwise.

Our brand image, business and results of operations may be adversely impacted by misconduct, improper activities and misuse of our product and service offerings by users, employees and workers supplied by third-party service providers, many of which are beyond our control.

We regularly and actively monitor content and communications on our platform to ensure that we are able to identify content that may be deemed inappropriate or in violation of laws, regulations and government policies. When any inappropriate or illegal content is identified, we promptly remove the content. However, since we have limited control over the real-time and offline behavior of the users of our products and services, to the extent any improper behavior is associated with our content, applications or websites, our ability to protect our brand image and reputation may be limited. In addition, if any of students or other users suffer or allege to have suffered physical, financial or emotional harm following contact initiated through our content, applications or websites, we may face civil lawsuits or other liabilities initiated by the affected individual or governmental or regulatory actions against us. In response to allegations of illegal or inappropriate activities conducted on our applications or websites or any negative media coverage about us, PRC governmental authorities may intervene and hold us liable for noncompliance with PRC laws and regulations concerning the dissemination of information on the internet and subject us to administrative penalties or other sanctions, such as requiring us to restrict or discontinue some of the content, features and services provided through our applications or websites. As a result, our business may suffer and our brand image, the pace at which our SaaS offerings are adopted, the demand for our other educational products and services, results of operations and financial condition may be materially and adversely affected.

We are exposed to the risk of other types of fraud or other misconduct by employees supplied by third-party service providers. Other types of misconduct include, but are not limited to, intentionally failing to comply with government regulations, engaging in unauthorized activities when interacting with students and during the course of their work, such as mishandling student records and data, and making misrepresentation to our prospective students, teachers and school partners during marketing activities, all of which could harm our business and reputation. It is not always possible to deter misconduct by employees supplied by third-party service providers, and such risks are greater with respect to misconduct, improper activities and misuse of our products and data by employees supplied by third-party service providers, over whom we have less control as they are not our own employees. Although we set out confidentiality and conduct requirements for such employees in our agreements with third-party service providers and third-party service providers set out similar requirements in their employment or service contracts with such employees, and we oversee the performance of such employees supplied by third-party service providers and request these third-party service companies to replace workers that engage in misconduct and illegal activities, such efforts may not be effective in controlling and deterring misconduct and improper activities. The precautions we take to prevent and detect misconduct by employees supplied by third-party service providers may not be effective in controlling unknown or unmanaged risks or losses, which could harm our business, financial condition and results of operations.

Our results of operations are subject to seasonal fluctuations.

We may generate higher net revenues in the third and fourth quarters in the future for our teaching and learning SaaS offerings business with regional educational authority clients, as it aligns with their specific budgetary cycles. For our private and public school clients, we may generate higher growth in net revenues in the first and third quarters in the future, as these are typically the school seasons when we deliver our teaching and learning SaaS offerings. Our other educational products and services business tends to generate relatively stable net revenues. Overall, the historical seasonality of our business has been relatively mild, but seasonality may increase in the future and there are uncertainties in real practice that could impact overall net revenues. Due to our limited operating history, the seasonal trends that we have experienced in the past may not be indicative of our future operating results. Our financial condition and results of operations for future periods may continue to fluctuate. As a result, the trading price of our ADSs may fluctuate from time to time due to seasonality.

We have granted, and expect to continue to grant, share-based awards under our share incentive plans, which may result in increased share-based compensation expenses.

We adopted share incentive plans in 2015, 2018 and 2020, or the 2015 Plan, the 2018 Plan and the 2020 Plan, respectively, for the purpose of granting share-based compensation awards to employees, officers, directors and consultants to incentivize their performance and promote the success of our business. On April 23, 2025, our board of directors approved the amendment and restatement of the 2015 Plan, the 2018 Plan and the 2020 Plan, to extend the expiration date of the options granted under and the ending date of the term of each of the 2015 Plan, the 2018 Plan and the 2020 Plan, to December 31, 2035. As of February 28, 2026, the maximum aggregate number of ordinary shares that may be issued under the 2015 Plan, the 2018 Plan and the 2020 Plan is 59,899,375 and

25,703,602 and 234,847,780, respectively. See “Item 6. Directors, Senior Management and Employees—B. Compensation of Directors and Executive Officers—Share Incentive Plan.” We recorded RMB83.7 million, RMB61.9 million and RMB30.8 million (US$4.4 million) in 2023, 2024 and 2025, respectively, in share-based compensation expenses. We expect to continue to grant awards under our share incentive plans, which we believe are of significant importance to our ability to attract and retain key personnel and employees. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

If we cannot maintain our corporate culture, we could lose the innovation, collaboration and focus that contribute to our business.

We believe that a critical component of our success is our corporate culture, which fosters innovation and has roots in genuine care for children’s education and a deep understanding of students, teachers and schools as well as the evolving education industry in mainland China. We may find it difficult to maintain these valuable aspects of our corporate culture. Any failure to preserve our culture could undermine our reputation in the marketplace and negatively impact our ability to attract and retain employees and students, which would in turn jeopardize our future success.

We face risks related to natural and other disasters, including severe weather conditions or outbreaks of health epidemics, and other extraordinary events, which could significantly disrupt our operations.

Our business could be materially and adversely affected by natural disasters, other health epidemics or other public safety concerns affecting the PRC, and particularly Beijing. Natural disasters may give rise to server interruptions, breakdowns, system failures, technology platform failures, internet failures or other operation interruptions for us and our service providers, which could cause the loss or corruption of data or malfunction of software or hardware as well as adversely affect our ability and the ability of our service providers to conduct daily operations and to deliver our products offerings. Our business could also be adversely affected if employees of ours or our service providers are affected by health epidemics, such as new variants of COVID-19 or outbreaks of other diseases. In addition, our results of operations could be adversely affected to the extent that any health epidemic harms the Chinese economy in general.

Our headquarters are located in Beijing, where most of our directors and management and the majority of our employees currently reside. Most of our system hardware and back-up systems are hosted in facilities located in Beijing and most of our service providers are located in Beijing. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Beijing, our operation may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

We have limited business insurance coverage, which could expose us to significant costs and business disruption.

Insurance companies in mainland China currently do not offer as extensive an array of insurance products as insurance companies in more developed economies. We do not maintain any liability insurance or property insurance policies covering students, equipment and facilities for injuries, death or losses due to fire, earthquake, flood or any other disaster. Consistent with customary industry practice in mainland China, we do not maintain business interruption insurance, nor do we maintain key-man life insurance. We have determined that the costs of insuring for these risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. Any uninsured business disruptions may result in our incurring substantial costs and the diversion of resources, which could have an adverse effect on our results of operations and financial condition.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required under Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on such company’s internal control over financial reporting in its annual report, which contains management’s assessment of the effectiveness of the company’s internal control over financial reporting. In addition, an independent registered public accounting firm for a public company may be required to issue an attestation report on the effectiveness of our internal control over financial reporting. However, as a

“non-accelerated filer” as defined under Rule 12b-2 of the Exchange Act, we are not required to have an attestation report on internal control over financial reporting from our external auditor.

Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse report if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the requirements differently from us. 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 may be unable to timely complete our evaluation testing and any required remediation.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting and concluded that our internal control over financial reporting was effective as of December 31, 2025. See “Item 15. Controls and Procedures.” However, there is no assurance that we will not have any material weakness in the future. Failure to discover and address any control deficiencies could result in inaccuracies in our financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud. If we fail to develop or maintain an effective system of internal control over financial reporting, our management and our independent registered public accounting firm may not conclude on an on-going basis that our internal control over financial reporting is effective. This conclusion could adversely impact the market price of our ADSs due to a loss of investor confidence in the reliability of our reporting processes.

In addition, our internal control over financial reporting may not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If that were to happen, the market price of our ADSs could decline and we could be subject to sanctions or investigations by the Nasdaq, SEC or other regulatory authorities.

Our operations depend on the performance of the internet infrastructure and telecommunications networks in mainland China.

The successful operation of our business depends on the performance of the internet infrastructure and telecommunications networks in mainland China. Almost all access to the internet is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology. Moreover, we have entered into contracts with various subsidiaries of a limited number of telecommunications service providers at provincial level and rely on them to provide us with data communications capacity through local telecommunications lines. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with mainland China’s internet infrastructure or the telecommunications networks provided by telecommunications service providers. We regularly serve a large number of parents, students and teachers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our online applications and websites. However, we have no control over the costs of the services provided by telecommunications service providers. If the prices we pay for telecommunications and internet services rise significantly, our results of operations may be materially and adversely affected. If internet access fees or other charges to internet users increase, our user traffic may decline and our business may be harmed.

We may need additional capital in the future to pursue our business objectives. If we cannot obtain additional capital on acceptable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected.

We may need to raise additional capital to respond to business challenges or opportunities, accelerate our growth, develop new offerings or enhance our technological capacities. Due to the unpredictable nature of the capital markets and our industry, there can be no assurance that we will be able to raise additional capital on terms favorable to us, or at all, if and when required, especially if we experience disappointing results of operations. If

adequate capital is not available to us as required, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our infrastructure or respond to competitive pressures could be significantly limited. If we do raise additional funds through the issuance of equity or convertible debt securities, the ownership interests of our shareholders could be significantly diluted. These newly issued securities may have rights, preferences or privileges senior to those of existing shareholders.

We may not be able to achieve the benefits we expect from future investments and acquisitions.

We may make equity investments in or acquisitions of additional businesses, assets and technologies that complement our existing business in the future. This may include opportunities to expand our offerings and strengthen our technology and data capabilities. If the businesses or assets we acquire or invest in do not subsequently generate the anticipated financial performance or if any goodwill impairment test triggering event occurs, we may need to revalue or write down the value of goodwill and other intangible assets in connection with such acquisitions or investments, which would harm our results of operations. In addition, investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, significant amortization expenses related to intangible assets, significant diversion of management attention and exposure to potential unknown liabilities of the acquired business. In addition, as we often do not have control over the companies in which we only have minority stake, we cannot ensure that these companies will always comply with applicable laws and regulations in their business operations. Material non-compliance by our investees may cause substantial harms to our reputations and the value of our investment. In addition, we may be unable to identify appropriate acquisition or strategic investment targets when it is necessary or desirable to make such acquisition or investment to remain competitive or to expand our business. Even if we identify an appropriate acquisition or investment target, we may not be able to successfully negotiate the terms of the acquisition or investment, finance the proposed transaction or integrate the relevant businesses into our existing business and operations. In the event that our investments and acquisitions are not successful, our results of operations and financial condition may be materially and adversely affected.

A severe and prolonged downturn in the Chinese or global economy could materially and adversely affect our business, results of operations and financial condition.

The global macroeconomic environment faces numerous challenges. The growth rate of the Chinese economy has been slowing since 2010 and the Chinese population began to decline in 2022. The Russia-Ukraine conflict, the Hamas-Israel conflict, the conflict in the Persian Gulf and surrounding areas as far west as Israel and Lebanon, and the restrictions at various times on shipping through the straits of Hormuz and the Red Sea have heightened geopolitical tensions across the world. The impact of the regional conflicts has contributed to increases in food and energy prices and thus to inflation more generally, with the potential for even more serious consequences if oil and gas facilities are destroyed or shipping is affected for an extended period of time. There have also been concerns about the relationship between China and other countries which may potentially have economic effects. In particular, there is significant uncertainty about the future relationship between the United States and China with respect to a wide range of issues including trade policies, treaties, government regulations and tariffs. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. As a result, any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations and financial condition.

The current tensions in international trade and rising international political tensions may adversely affect our business, financial condition, and results of operations.

In recent years, there have been heightened trade and political tensions in international relations, particularly between the United States and China. These tensions have affected both diplomatic and economic ties between the two countries and created uncertainties to the international economy as a whole. Heightened tensions could reduce levels of trade, investments, technological exchanges, and other economic activities between major economies. The existing tensions and any further deterioration in the relationship between the United States and China and between other countries may have a negative impact on the general, economic, political, and social conditions around the globe, United States and China in particular, and thus adversely impact our business, financial condition, and results of operations.

The U.S. government has implemented policies restricting international trade and investment, such as tariffs, export controls, economic or trade sanctions, and foreign investment filing and approval requirements. These actions may materially and adversely affect international trade, global financial markets, and the stability of the global economic condition. For example, since early 2025, the United States has implemented significant

changes to U.S. trade policy with China, including by imposing additional tariffs on Chinese imports. China has responded by imposing, and proposing to impose additional or higher tariffs on products imported from the United States, among other measures. There remains considerable uncertainty regarding future tariff rates and the trajectory of U.S.-China trade relations. It also remains uncertain whether increased tariffs and trade tensions will create further disruptions and uncertainties to the international trade and lead to a downturn to the global economy.

In addition, the United States government has taken efforts to limit the outbound U.S. investments to China. On August 9, 2023, the Biden administration of the United States released an executive order directing the Department of Treasury to create an outbound foreign direct investment review program that would require reporting on or (in more narrow circumstances) prohibit investments by U.S. persons involving "covered national security technologies and products." On October 28, 2024, the Department of Treasury issued a final rule to implement the executive order, providing details on technical specifications and other aspects of the operative regulations, which came into effect on January 2, 2025. This is referred to as the Outbound Investment Rule. The Outbound Investment Rule imposes investment prohibitions and notification requirements on U.S. persons for a wide range of investments in entities associated with "countries of concern," currently only China, that are engaged in activities relating to (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. These entities are collectively defined as "Covered Foreign Persons." U.S. persons subject to the Outbound Investment Rule are prohibited from making, or required to report, transactions involving Covered Foreign Persons that are defined as "covered transactions," although the Outbound Investment Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. The Outbound Investment Rule introduces new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. We do not believe that 17 Education & Technology Group Inc. would be defined as a Covered Foreign Person under the Outbound Investment Rule because we do not engage in a "covered activity" (as defined in the Outbound Investment Rule) or otherwise meet the definition of Covered Foreign Persons provided in the Outbound Investment Rule. However, there is no assurance that the U.S. Department of Treasury will take the same view as ours. If we were to be deemed a "Covered Foreign Person," and if U.S. persons were to engage in a "covered transaction" (as defined under the Outbound Investment Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule. In addition, even though U.S. persons' acquisitions of publicly traded securities (such as our ADSs) will be exempted from the scope of covered transactions under the Outbound Investment Rule, the rule could still limit our ability to raise capital or contingent equity capital from U.S. investors given that the relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a Covered Foreign Person in the future due to different views taken by the U.S. Department of Treasury, potential amendments to the Outbound Investment Rule or the introduction of additional regulations. For example, on February 21, 2025, the White House released President Trump's "America First Investment Policy" memorandum, outlining several initiatives to incentivize investment from U.S. allies and partners while restricting investments involving "foreign adversaries," including China. Among other things, the policy aims to expand the industry sectors covered by the U.S. outbound investment regulations and supplement outbound restrictions through the imposition of sanctions. As of the date of this annual report, the proposed changes under the America First Investment Policy are not implemented. In addition, on December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025, or the COINS Act, was enacted as part of the National Defense Authorization Act for Fiscal Year 2026. The COINS Act largely preserves the core framework of the Outbound Investment Rule while expanding its scope and coverage in certain respects such as expanding covered activities in high-performance computing and supercomputing and hypersonic systems and including more countries of concern The COINS Act will not become effective until the U.S. Department of the Treasury issues implementing regulations, which must be promulgated through notice-and-comment rulemaking and no later than March 13, 2027. Accordingly, the Treasury may amend, expand or otherwise modify existing outbound investment prohibitions and restrictions pursuant to the COINS Act. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects, and our ADSs may significantly decline in value.

Rising political tensions could reduce levels of trades, investments, technological exchanges, and other economic activities across the globe, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on the demand of our products and services, and thus negatively affect our business, prospects, financial condition, and results of operations.

Fluctuations in exchange rates could have a material and adverse effect on the value of your investment and our results of operations.

The conversion of Renminbi into foreign currencies, including the U.S. dollar, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar and other currencies, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China, the US and other countries' political and economic conditions and by foreign exchange policies of China, the U.S. and other countries, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar and other currencies in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and U.S. dollar in the future.

Significant revaluation of the Renminbi may have a material and adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from our initial public offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in mainland China to reduce our exposure to exchange rate fluctuations. As of the date of this annual report, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure, or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

Increasing focus with respect to environmental, social and governance matters may impose additional costs on us or expose us to additional risks. Failure to adapt to or comply with the evolving expectations and standards on environmental, social and governance matters from investors and the PRC government may adversely affect our business, financial condition and results of operation.

The PRC government and public advocacy groups have been increasingly focused on environment, social and governance, or ESG, issues in recent years, making our business more sensitive to ESG issues and changes in governmental policies and laws and regulations associated with environment protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds, and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and the PRC government on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Any ESG concern or issue could increase our regulatory compliance costs. If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and the PRC government or are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, financial condition, and the price of our ADSs could be materially and adversely effected.

We face certain risks relating to the real properties that we lease.

We lease real properties from third parties primarily for our office in mainland China, and the lease agreements for most of these leased properties have not been registered with the PRC government authorities as required by PRC law. Although the failure to do so does not in itself invalidate the leases, we may be ordered by the PRC government authorities to rectify such noncompliance and, if such noncompliance were not rectified within a given period of time, we may be subject to fines imposed by PRC government authorities ranging from RMB1,000 and RMB10,000 for each of our lease agreements that have not been registered with the relevant PRC government authorities.

As of the date of this annual report, we are not aware of any regulatory or governmental actions, claims or investigations being contemplated or any challenges by third parties to our use of our leased properties the lease agreements of which have not been registered with the government authorities. However, we cannot assure you that the government authorities will not impose fines on us due to our failure to register any of our lease agreements, which may negatively impact our financial condition.

In addition, some of the ownership certificates or other similar proof of certain leased properties have not been provided to us by the relevant lessors. Therefore, we cannot assure you that such lessors are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the real properties to us and the owners of such real properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. As of the date of this annual report, we are not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof. If our lease agreements are claimed as null and void by third parties who are the real owners of such leased real properties, we could be required to vacate the properties, in the event of which we could only initiate the claim against the lessors under relevant lease agreements for indemnities for their breach of the relevant leasing agreements. We cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be interrupted.

Failure to make adequate contributions to various employee benefits plans as required by PRC regulations may subject us to penalties.

Companies operating in mainland China are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based. The requirement of employee benefit plans has not been implemented consistently by the local governments in mainland China given the different levels of economic development in different locations. To efficiently administrate the contribution of employment benefit plans of our employees in some cities, we engage third-party agents to make the contribution for our employees. Our failure in making contributions to various employee benefit plans and in complying with applicable PRC labor-related laws may subject us to late payment penalties, and we could be required to make up the contributions for these plans as well as to pay late fees and fines. If we are subject to late fees or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected. In addition, to the extent that we can make a reasonable estimate of the liability arising from our failure in making full contributions to various employee benefit plans, we record a related contingent liability. However, the amount of our estimates may be inaccurate, in which case our financial condition and cash flow may be adversely affected if we were to pay late fees or fines in relation to the underpaid employee benefits.

Our advertising and promotional content may subject us to penalties and other administrative actions.

Under PRC advertising, pricing and anti-unfair competition laws and regulations, we are obligated to monitor our advertising content to ensure that such content is true and accurate and in full compliance with applicable laws and regulations. In addition, education or training advertisement are further prohibited from containing content such as guarantee for passing of examination or the effect of education or training, recommendation and/or endorsement by scientific research institutes, academic institutions, educational organizations, industry associations, professionals or beneficiaries using their name or image. Further, the Alleviating Burden Opinion provides that no advertisements for after-school tutoring shall be published or broadcasted in the network platforms and billboards displayed in the mainstream media, new media, public place and residential areas. Violation of these laws and regulations may subject us to penalties, including fines, confiscation of our advertising income, orders to cease dissemination of the advertisements and orders to publish an announcement correcting the misleading information. In circumstances involving serious violations by us, PRC government authorities may force us to terminate our advertising operations or revoke our licenses. See “Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Relating to Advertising and Promotion.”

The PRC regulatory authorities have significant discretion in interpreting and implementing the PRC Advertising Law, PRC Pricing Law, the PRC Anti-Unfair Competition Law and the rules and regulations related thereto. While we have made significant efforts to ensure that our advertisements are in full compliance with applicable PRC laws and regulations, we cannot assure you that all the content contained in our advertisements is true and accurate as required by, and complies in all aspects with, the advertising laws and regulations. We also cannot assure you that we can rectify content that is deemed in violation of such laws and regulations, in a timely manner, or at all, especially given the uncertainty in the interpretation of these PRC laws and regulations. If we are found to be in violation of applicable PRC advertising laws and regulations, we may be subject to penalties and our reputation may be harmed, which may negatively affect our business, financial condition, results of operations and prospects.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating certain of our operations in mainland China do not comply with regulations of mainland China relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Foreign ownership in entities that provide value-added telecommunication services (except for e-commerce, domestic multi-party communications, store-and-forward and call center), is subject to restrictions under current laws and regulations of mainland China. Specifically, foreign ownership of an internet information service provider may not exceed 50%. We are a company registered in the Cayman Islands. Our wholly foreign owned entities, or our WFOEs, are our mainland China subsidiaries and foreign-invested enterprises under laws of mainland China. To comply with laws and regulations of mainland China, we conduct such business activities in mainland China primarily through the VIEs. Our WFOEs have entered into a series of contractual arrangements with the respective VIEs and their respective shareholders. For a description of these contractual arrangements, see "Item 4. Information on the Company—C. Organizational Structure." As a result of these contractual arrangements, our WFOEs have the power to direct the activities of the VIEs that most significantly affect the economic performances of the VIEs and are entitled to receive the economic benefits of the VIEs that could potentially be significant to the VIEs. Therefore, we have determined that we are the primary beneficiary of the VIEs for accounting purposes in accordance with ASC 810, Consolidations under U.S. GAAP, and have consolidated the VIEs' results of operations, assets and liabilities in our consolidated financial statements for all the periods presented. In 2023, 2024 and 2025, we derived 98.3%, 98.5% and 97.9% of our total revenues from the VIEs and their subsidiaries, respectively. The VIEs hold the licenses, approvals and key assets that are essential for our operations.

We are a Cayman Islands holding company with no equity ownership in the VIEs and we conduct our operations in mainland China through (i) our mainland China subsidiaries and (ii) the VIEs with which we have maintained contractual arrangements. Investors in our Class A common shares or the ADSs thus are not purchasing equity interest in our consolidated affiliated entities in mainland China but instead are purchasing equity interest in a Cayman Islands holding company. If the PRC government deems that our contractual arrangements with the VIEs do not comply with mainland China regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, we and the VIEs could be subject to severe penalties or be forced to relinquish our interests in those operations. Our holding company in the Cayman Islands, the VIEs, and investors of us face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, significantly affect the financial performance of the VIEs and our company as a group. In addition, as of the date of this annual report, these agreements have not been tested in a court of law.

In the opinion of our PRC legal counsel, Tian Yuan Law Firm (i) the ownership structure of the VIEs and our WFOEs does not result in any violation of laws and regulations of mainland China currently in effect; and (ii) the contractual arrangements among each of our WFOEs, our respective VIEs and their respective shareholders governed by laws of mainland China will not result in any violation of laws or regulations of mainland China currently in effect. However, we have been further advised by our PRC legal counsel that there are substantial uncertainties regarding the interpretation and application of current or future laws and regulations of mainland China, including, but not limited to, the laws and regulations governing our and the VIEs' business, or the enforcement and performance of our contractual arrangements with the VIEs and their perspective shareholders. These laws and regulations may be subject to change, and their official interpretation and enforcement may involve substantial uncertainty. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. Thus, the PRC government may ultimately take a view contrary to the opinion of our PRC legal counsel. If the PRC government otherwise find that we are in violation of any existing or future laws or regulations of mainland China or lack the necessary permits or licenses to operate our business, the governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoking the business licenses and/or operating licenses of such entities;
- imposing fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;

•discontinuing or placing restrictions or onerous conditions on our operations;

•placing restrictions on our right to collect revenues; and

•shutting down our servers or blocking our application/software.

Any of these events could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations. In addition, new laws, regulations, and rules of mainland China may be introduced to impose additional requirements, posing additional challenges to our corporate structure and contractual arrangements. For example, the General Office of State Council and the General Office of Central Committee of the Communist Party of China jointly promulgated the Alleviating Burden Opinion on July 24, 2021, which provides, among others, that (i) Academic AST Institutions are prohibited from raising funds by listing on stock markets or conducting any capitalization activities; and (ii) foreign capital is prohibited from controlling or participating in any Academic AST Institutions through mergers and acquisitions, entrusted operation, joining franchise or variable interest entities. The Alleviating Burden Opinion provides that any violation of the foregoing shall be rectified. The Alleviating Burden Opinion further states that the administration and supervision over Academic AST Institutions for students on grade ten to twelve shall be implemented by reference to the relevant provisions of the Alleviating Burden Opinion. It remains uncertain as to how and to what extent the administration over Academic AST Institutions for students on grade ten to twelve will be implemented by reference of the Alleviating Burden Opinion.

We have conducted a series of compliance measures regarding the Alleviating Burden Opinion and relevant implements, such as cessation of tutoring services related to academic subjects to students from kindergarten through the last year of senior high school. We may take further necessary measures to comply with the current and future laws and regulations of mainland China. However, there are substantial uncertainties regarding the interpretation and application of current and future laws and regulations of mainland China. If occurrences of any of these events results in our inability to direct the activities of the VIEs in mainland China that most significantly impact its economic performance, and/or our failure to receive the economic benefits from the VIEs, we may not be able to consolidate their financial results in our consolidated financial statements in accordance with U.S. GAAP.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Trial Measures, and five supporting guidelines, effective on March 31, 2023 and the CSRC subsequently issued two new supporting guidelines in May 2023 and May 2024 respectively. At the press conference held for the Overseas Listing Trial Measures on the same day, officials from the CSRC clarified that, as for companies seeking overseas listing with contractual arrangements, the CSRC will solicit opinions from relevant regulatory authorities and complete the filing of the overseas listing of such companies if they duly meet the compliance requirements, and support the development and growth of these companies by enabling them to utilize two markets and two kinds of resources. If we fail to complete the filing with the CSRC in a timely manner or at all, for any future offerings, listing or any other capital raising activities, which are subject to the filings under the Overseas Listing Trial Measures, due to our contractual arrangements, our ability to raise or utilize funds could be materially and adversely affected, and we may even need to unwind our contractual arrangements or restructure our business operations to rectify the failure to complete the filings. However, there remains substantial uncertainties as to the interpretation, application, and enforcement of Overseas Listing Trial Measures and how they will affect our operations and our future financing.

Although we believe we, our mainland China subsidiaries and the VIEs are not in violation of current laws and regulations of mainland China, we cannot assure you that the PRC government would agree that our contractual arrangements comply with licensing, registration or other regulatory requirements of mainland China, with existing policies or with requirements or policies that may be adopted in the future. The PRC government has broad discretion in determining rectifiable or punitive measures for non-compliance with or violations of laws and regulations of mainland China. If the PRC government determines that we or the VIEs do not comply with applicable law, it could revoke the VIEs' business and operating licenses, require the VIEs to discontinue or restrict the VIEs' operations, restrict the VIEs' right to collect revenues, block the VIEs' websites, require the VIEs to restructure our operations, impose additional conditions or requirements with which the VIEs may not be able to comply, impose restrictions on the VIEs' business operations or on their customers, or take other regulatory or enforcement actions against the VIEs that could be harmful to their business. Any of these or similar occurrences could significantly disrupt our or the VIEs' business operations or restrict the VIEs from conducting a substantial portion of their business operations, which could materially and adversely affect the VIEs' business, financial condition and results of operations. If any of these occurrences results in our inability to direct the

activities of any of the VIEs that most significantly impact its economic performance, and/or our failure to receive the economic benefits from any of the VIEs, we may not be able to consolidate these entities in our consolidated financial statements in accordance with U.S. GAAP. In addition, our shares may decline in value or become worthless if we are unable to assert our contractual control rights over the assets of our mainland China subsidiaries that conduct a significant part of our operations.

We rely on contractual arrangements with the VIEs and their shareholders for our business operations, which may not be as effective as direct ownership.

We have relied and expect to continue to rely on contractual arrangements with the VIEs, and their shareholders to operate our business in mainland China. These contractual arrangements may not be as effective as direct ownership in directing the business operations of the VIEs. For example, the VIEs and their shareholders could breach their contractual arrangements with us by, among other things, failing to conduct the operations of the VIEs in an acceptable manner or taking other actions that are detrimental to our interests.

If we had direct ownership of the VIEs in mainland China, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIEs, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by the VIEs and their shareholders of their obligations under the contracts to direct the business operations of the VIEs. The shareholders of the VIEs may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate certain portion of our business through the contractual arrangements with the VIEs. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of law and arbitration of mainland China, litigation and other legal proceedings and therefore will be subject to uncertainties in the mainland China legal system. See "—Any failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business." Therefore, our contractual arrangements with the VIEs may not be as effective in ensuring our ability to direct the relevant portion of our business operations as direct ownership would be.

Any failure by the VIEs or their shareholders to perform their obligations under our contractual arrangements with them would have a material and adverse effect on our business.

If the VIEs or their shareholders fail to perform their respective obligations under the contractual arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under law of mainland China, including seeking specific performance or injunctive relief, and contractual remedies, which we cannot assure you will be sufficient or effective under law of mainland China. For example, if the shareholders of the VIEs were to refuse to transfer their equity interests in the VIEs to us or our designee if we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by law of mainland China and provide for the resolution of disputes through arbitration in mainland China. Accordingly, these contracts would be interpreted in accordance with law of mainland China and any disputes would be resolved in accordance with mainland China legal procedures. The legal system in mainland China is evolving and the evolution of the mainland China legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a consolidated variable interest entity should be interpreted or enforced under law of mainland China. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under law of mainland China, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in mainland China courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to direct the business operations of the VIEs, and our ability to conduct our business may be negatively affected. See "—Risks Related to Doing Business in China—Evolution of the mainland China legal system could adversely affect us."

The shareholders of the VIEs may have actual or potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

The shareholders of the VIEs may have actual or potential conflicts of interest with us. These shareholders may breach, or cause the VIEs to breach, or refuse to renew, the existing contractual arrangements we have with them and the VIEs, which would have a material and adverse effect on our ability to effectively control the VIEs and receive economic benefits from them. For example, the shareholders may be able to cause our agreements with the VIEs to be performed in a manner adverse to us by, among other things, failing to remit payments due under the contractual arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of these shareholders will act in the best interests of our company or such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between these shareholders and our company, except that we could exercise our purchase option under the exclusive option agreements with these shareholders to request them to transfer all of their equity interests in the VIEs to a mainland China entity or individual designated by us, to the extent permitted by law of mainland China. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to the company that requires them to act in good faith and in what they believe to be the best interests of the company and not to use their position for personal gains. The shareholders of our respective VIEs have executed powers of attorney to appoint our WFOEs or a person designated by our WFOEs to vote on their behalf and exercise voting rights as shareholders of our respective VIEs. If we cannot resolve any conflict of interest or dispute between us and the shareholders of the VIEs, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

Contractual arrangements in relation to the VIEs may be subject to scrutiny by mainland China tax authorities and they may determine that we or the VIEs owe additional taxes, which could negatively affect our financial condition and the value of your investment.

Under applicable laws and regulations of mainland China, arrangements and transactions among related parties may be subject to audit or challenge by mainland China tax authorities. We could face material and adverse tax consequences if mainland China tax authorities determine that the contractual arrangements in relation to the VIEs were not entered into on an arm's length basis in such a way as to result in an impermissible reduction in taxes under applicable laws of mainland China, rules and regulations, and adjust income of the VIEs in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by the VIEs for mainland China tax purposes, which could in turn increase their tax liabilities without reducing our mainland China subsidiaries' tax expenses. In addition, mainland China tax authorities may impose late payment fees and other penalties on the VIEs for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if the VIEs' tax liabilities increase or if they are required to pay late payment fees and other penalties.

Our current corporate structure and business operations may be affected by the Foreign Investment Law.

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law, which took effect on January 1, 2020. The Foreign Investment Law does not explicitly classify whether the variable interest entities that we direct business operations through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately "controlled" by foreign investors. However, it has a catch-all provision under definition of "foreign investment" that includes investments made by foreign investors in mainland China through other means as provided by laws, administrative regulations or the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment, and it remains uncertain whether our contractual arrangements will be deemed to be in violation of the market access requirements for foreign investment in mainland China and if yes, how our contractual arrangements should be dealt with.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either "restricted" or "prohibited" from foreign investment in the Special Administrative Measures (Negative List) for Foreign Investment Access jointly promulgated by the Ministry of Commerce, and the National Development and Reform Commission, as amended from time to time. The Foreign Investment Law provides that foreign-invested entities are barred from operating in "prohibited" industries and will require market entry clearance and other approvals from PRC government authorities if operating in "restricted" industries. On December 26, 2019, the Supreme People's Court issued the

Interpretations on Certain Issues Regarding the Application of Foreign Investment Law, which came into effect on January 1, 2020. In accordance with the interpretations, any claim to invalidate an investment agreement will be supported by courts if such agreement is found to be entered into for purposes of making investments in the "prohibited industries" under the negative list or for purposes of investing in "restricted industries" while failing to satisfy the conditions set out in the Negative List. If our ability to direct the business operations of the VIEs through contractual arrangements are deemed as foreign investment in the future, and any business of the VIEs is "restricted" or "prohibited" from foreign investment under the "negative list" effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the contractual arrangements that allow us to direct the business operations of the VIEs may be deemed as invalid and illegal, and we may be required to unwind such contractual arrangements and/or restructure our business operations, any of which may have a material adverse effect on our business operation.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

We may lose the ability to use and enjoy assets held by the VIEs that are material to the operation of certain portion of our business if the entities go bankrupt or become subject to a dissolution or liquidation proceeding.

As part of our contractual arrangements with the VIEs, the VIEs hold certain assets that are material to the operation of certain portion of our business, including licenses, permits, domain names and most of our IP rights. If the VIEs go bankrupt and all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the contractual arrangements, the VIEs may not, in any manner, sell, transfer, mortgage or dispose of their assets or legal or beneficial interests in the business without our prior consent. If the VIEs undergoes a voluntary or involuntary liquidation proceeding, the independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

Risks Related to Doing Business in China

Changes in mainland China's economic, political or social conditions or government policies could have a material adverse effect on our business and operations.

All of our operations are conducted in mainland China, and most of our assets are located in mainland China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by economic, political and social conditions in mainland China generally. The PRC government exercises significant regulation over mainland China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. In addition, the PRC government continues to play a significant role in regulating industry development by imposing relevant industrial policies.

While the economy of mainland China has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. In addition, the rate of growth has been slowing since 2012, and the impact of COVID-19 on the Chinese and global economies in 2020 was severe. Any adverse changes in economic conditions in mainland China, in the policies of the PRC government or in the laws and regulations in mainland China could have a material adverse effect on the overall economic growth of mainland China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our solutions and services and adversely affect our competitive position. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources by promulgating regulations. Some of these measures may benefit the overall economy of mainland China, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past, the PRC government has implemented certain measures, including interest rate adjustment. It is uncertain whether these measures would cause decreased economic activity in mainland China, which may adversely affect our business and results of operations. In addition, there are uncertainties whether the increased global focus on social, ethical and environmental issues would lead to mainland China's adoption of more

stringent standards in these areas, which may adversely impact the operations of China-based companies including us.

Evolution of the mainland China legal system could adversely affect us.

The legal system of mainland China is a civil law system based on written statutes, where prior court decisions have limited precedential value. The legal system of mainland China is evolving rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since mainland China's judicial and administrative authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to predict the outcome of a judicial or administrative proceeding. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations.

Furthermore, the legal system of mainland China is based, in part, on government policies and rules, some of which are not published in a timely manner or are published with short notice. As a result, we may not always be aware of any potential violation of these policies and rules. Such unpredictability towards our contractual, property (including intellectual property) and procedural rights could adversely affect our business and impede our ability to continue our operations.

The PRC government has significant oversight over the conduct of our business and it has recently indicated an intent to exert more oversight over offerings that are conducted overseas and/or foreign investment in China-based issuers. Any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline.

The PRC government's significant oversight over our business operations could result in a material adverse change in our operations and the value of our ADSs. Due to the nature of our industry, the PRC government may intervene or influence our operations at any time, or may exert more regulation over offerings conducted overseas and/or foreign investment in China-based issuers, which could result in a material change in our operations and/or the value of our securities.

We conduct our business in mainland China through the VIEs and their subsidiaries in mainland China. Our operations in mainland China are governed by laws and regulations of mainland China. The PRC government has significant oversight over the conduct of our business, and it may intervene or influence our operations at any time, or may exert regulation over operations of our business, which could result in a material adverse change in our operation, and our ordinary shares and ADSs may decline in value or become worthless. Also, the PRC government has recently indicated an intent to exert more oversight and regulation over offerings that are conducted overseas and/or foreign investment in China-based issuers. For example, from the second half of 2021, a series of other draft laws and regulations concerning cybersecurity and data security were issued for public comment, certain of which have begun to take effect. See also "—Risks Related to Our Business and Industry—We are subject to a variety of laws and other obligations regarding data protection. Many of these laws and regulations are subject to change and uncertain interpretation, and any actual or alleged failure to comply with applicable laws and obligations could have a material adverse effect on our business, financial condition and results of operations" and "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Relating to Internet Information Security and Privacy Protection." Since such laws and regulations concerning cybersecurity and data security are relatively new, there are still uncertainties on how the newly promulgated laws and regulations concerning cybersecurity and data security will be interpreted and implemented by the mainland China governmental authorities. In addition, on February 17, 2023, the CSRC released the Overseas Listing Trial Measures concerning overseas listing by PRC companies, effective on March 31, 2023. See "—The approval and/or other requirements of the CSRC or other Chinese governmental authorities may be required in connection with an offering under rules, regulations or policies of mainland China, and, if required, we cannot predict whether or how soon we will be able to obtain such approval or complete such other requirements." for details. There remain substantial uncertainties about how the Overseas Listing Trial Measures will be interpreted, or implemented and how they will affect our operations and future overseas offerings.

It remains uncertain how mainland China governmental authorities will regulate overseas listing in general and whether we are required to obtain any other specific regulatory approvals from or complete any specific filing procedures with the CSRC, the Cyberspace Administration of China or any other mainland China governmental authorities for our offshore offerings. If the CSRC, the Cyberspace Administration of China or other regulatory agencies later promulgate new rules or explanations further requiring that we obtain their additional approvals or complete additional filings with them for our future offshore offerings, we may be unable to obtain such approvals or complete such filings in a timely manner, or at all, and such approvals and filings may be rescinded even if obtained. Any such circumstance could significantly limit or completely hinder our ability to continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. In addition, implementation of industry-wide regulations directly targeting our operations could cause the value of our securities to significantly decline. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business.

The approval and/or other requirements of the CSRC or other Chinese governmental authorities may be required in connection with an offering under rules, regulations or policies of mainland China, and, if required, we cannot predict whether or how soon we will be able to obtain such approval or complete such other requirements. Any actions by the government to exert more oversight and regulation over offerings that are conducted overseas and/or foreign investment could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six mainland China regulatory agencies in 2006 and amended in 2009, requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies by using such overseas special purpose vehicle's shares as a means of payment and controlled by PRC persons or entities to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear, and our offshore offerings may ultimately require approval of the CSRC. If the CSRC approval is required, it is uncertain whether we can or how long it will take us to obtain the approval and, even if we obtain such CSRC approval, the approval could be rescinded. Any failure to obtain or delay in obtaining the CSRC approval for any of our offshore offerings, or a rescission of such approval if obtained by us, would subject us to sanctions imposed by the CSRC or other Chinese regulatory authorities, which could include fines and penalties on our operations in mainland China, restrictions or limitations on our ability to pay dividends outside of mainland China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

On September 6, 2024, the National Development and Reform Commission and the Ministry of Commerce, or the MOC, jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version), or the Negative List, which became effective on November 1, 2024. Pursuant to the Negative List, if a domestic company engaging in the prohibited business stipulated in the Negative List seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. Besides, the foreign investors of the company shall not be involved in the company's operation and management, and their shareholding percentages shall be subject, mutatis mutandis, to the regulations on the domestic securities investments by foreign investors. There remain substantial uncertainties as to the interpretation and implementation of these new requirements, and it is unclear as to whether and to what extent listed companies like us will be subject to these new requirements. If we are required to comply with these requirements and fail to do so on a timely basis, if at all, our business operation, financial conditions and business prospect may be adversely and materially affected.

The new rules for the filing-based administration of overseas securities offerings and listings by Chinese domestic companies released on February 17, 2023, including the Overseas Listing Trial Measures and relevant guidelines, or collectively the New Filing Rules, establish a new filing-based regime to regulate overseas offerings and listings by domestic companies. According to the New Filing Rules, (i) an overseas offering and listing by a domestic company, whether directly or indirectly, shall be filed with the CSRC; and (ii) the issuer or its affiliated domestic company, as the case may be, shall file with the CSRC for its initial public offering, follow-on offering, issuance of convertible bonds, offshore relisting after go-private transactions and other equivalent offering activities. In addition, after a domestic company has offered and listed securities in an overseas market, it is required to file a report to the CSRC after the occurrence and public disclosure of certain material corporate events, including but not limited to, change of control and voluntary or mandatory delisting. According to the New Filing Rules, the Company shall be deemed to be a domestic enterprise indirectly listed overseas. However, from March 31, 2023, enterprises that have been listed overseas shall constitute existing enterprises and are not required to conduct the overseas listing filing procedure immediately, but shall carry out filing procedures as required if they

conduct future offshore offerings or capital raising activities or are involved in other circumstances that require filing with the CSRC.

On February 24, 2023, the CSRC, together with other government authorities, issued the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies, which became effective on March 31, 2023. According to these provisions, domestic mainland China companies, whether offering and listing securities overseas directly or indirectly, must strictly abide the applicable laws and regulations when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities services providers such as securities companies and accounting firms or overseas regulators in the process of their overseas offering and listing. If such documents or materials contain any state secrets or government authorities work secrets, domestic companies must obtain the approval from competent governmental authorities according to the applicable laws, and file with the secrecy administrative department at the same level with the approving governmental authority. Furthermore, these provisions also provide that securities companies and securities service providers shall also fulfill the applicable legal procedures when providing overseas regulatory institutions and other relevant institutions and individuals with documents or materials containing any state secrets or government authorities work secrets or other documents or materials that, if divulged, will jeopardize national security or public interest. For more details of the New Filing Rules, please refer to "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Relating to M&A and Overseas Listings."

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that additional approval and filing from the CSRC or other regulatory authorities or other procedures, including the cybersecurity review under the enacted version of the revised Measures for Cybersecurity Review and the Regulations on the Network Data Security, are required for our offshore offerings, it is uncertain whether we can or how long it will take us to obtain such approval or complete such filing procedures and any such approval or filing could be rescinded or rejected. Any failure to obtain or delay in obtaining such approval or completing such filing procedures for our offshore offerings, or a rescission of any such approval or filing if obtained by us, would subject us to sanctions by the CSRC or other Chinese regulatory authorities for failure to seek CSRC approval or filing or other government authorization for our offshore offerings. These regulatory authorities may impose fines and penalties on our operations in mainland China, limit our ability to pay dividends outside of mainland China, limit our operating privileges in mainland China, delay or restrict the repatriation of the proceeds from our offshore offerings into mainland China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of our listed securities. The CSRC or other Chinese regulatory authorities also may take actions requiring us, or making it advisable for us, to halt our offshore offerings before settlement and delivery of the shares offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for our prior offshore offerings, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirement could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of our listed securities.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the annual report based on foreign laws.

We are an exempted company incorporated under the laws of the Cayman Islands; however, we conduct all of our operations in mainland China and most of our assets are located in mainland China. In addition, most of our directors and executive officers are nationals or residents of jurisdictions other than the United States and most of their assets are located outside the United States. As a result, it may be difficult for you to effect service of process upon us or our management named in the annual report inside mainland China. It may also be difficult for you to enforce in U.S. courts of the judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors. In addition, there is uncertainty as to whether the courts of the Cayman Islands or mainland China would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state.

The recognition and enforcement of foreign judgments are provided under the PRC Civil Procedures Law. Mainland China courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of written arrangement with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, mainland China courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a mainland China court would enforce a judgment rendered by a court in the United States.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under law of mainland China, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with mainland China market regulation administrative authorities.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit the application through our office automation system and the application will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or the VIEs or their subsidiaries. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within China is considered a “resident enterprise” and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation issued the Circular of the State Administration of Taxation on Issues Relating to Identification of PRC-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance with the De Facto Standards of Organizational Management, or SAT Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in China; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that our company or any of our subsidiaries outside of China is a PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and we may be required to withhold a 10% withholding tax from

dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. In addition, nonresident enterprise shareholders (including the ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or Class A ordinary shares, if such income is treated as sourced from within China. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the transfer of ADSs or Class A ordinary shares by such shareholders may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprises or a rate of 20% in the case of non-PRC individuals unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or Class A ordinary shares.

We face uncertainties with respect to indirect transfer of equity interests in PRC resident enterprises by their non-PRC holding companies.

We face uncertainties regarding the reporting on and consequences of previous private equity financing transactions involving the transfer and exchange of shares in our company by non-resident investors. In February 2015, the State Administration of Taxation issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or SAT Bulletin 7. Pursuant to SAT Bulletin 7, an "indirect transfer" of PRC assets, including a transfer of equity interests in an unlisted non-PRC holding company of a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of the underlying PRC assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. On October 17, 2017, the State Administration of Taxation issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of nonresident enterprise income tax. We also face uncertainties on the reporting and consequences of future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises.

Mainland China tax authorities may pursue non-resident enterprises involved in our previous or future private equity financing transactions with respect to a filing or the transferees with respect to withholding obligation, and request our mainland China subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed under SAT Bulletin 7 and SAT Bulletin 37, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

If our preferential tax treatments are revoked or become unavailable or if the calculation of our tax liability is successfully challenged by mainland China tax authorities, we may be required to pay tax, interest and penalties in excess of our tax provisions.

Under the PRC Enterprise Income Tax Law and its implementation rules, the statutory enterprise income tax rate is 25%, but certain "high and new technology enterprises strongly supported by the state," or HNTEs, are qualified for a preferential enterprise income tax rate of 15% subject to certain qualification criteria. Shanghai Hexu, Beijing Yiqi Education & Technology Co., Ltd., or Beijing Yiqi Education, and Beijing Yiqi Development currently enjoy a preferential enterprise income tax rate of 15% as they are recognized as HNTEs by the mainland China governmental authorities. The qualification as an HNTE is subject to annual evaluation and a three-year review by the mainland China governmental authorities. If Shanghai Hexu, Beijing Yiqi Education and Beijing Yiqi Development fail to maintain their HNTE status, experience any increase in the enterprise income tax rate, or face any discontinuation, retroactive or future reduction or refund of any of the preferential tax treatments enjoyed, our business, financial condition and results of operations could be materially and adversely affected.

Further, in the ordinary course of our business, we are subject to complex income tax and other tax regulations, and significant judgment is required in the determination of a provision for income taxes. Although we believe our tax provisions are reasonable, if mainland China tax authorities successfully challenge our position and we are required to pay tax, interest and penalties in excess of our tax provisions, our financial condition and results of operations would be materially and adversely affected.

The M&A Rules and certain other regulations of mainland China may make it more difficult for us to pursue growth through acquisitions.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six mainland China regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established complex procedures and requirements for some acquisitions of Chinese companies by foreign investors, including requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress, which became effective in 2008 and was amended in June 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the Ministry of Commerce before they can be completed. On February 7, 2021, the Anti-monopoly Commission of the State Council published the Anti-Monopoly Guidelines for the Internet Platform Economy Sector that aims at specifying some of the circumstances under which an activity of internet platforms may be identified as monopolistic act as well as classifying that concentrations involving variable interest entities shall be subject to antimonopoly review. In addition, the security review rules issued by the Ministry of Commerce that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and the rules prohibit any activities attempting to bypass a security review, including by structuring a transaction through a proxy or contractual control arrangement.

In the future, we may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Failure to comply with regulations of mainland China regarding the registration requirements for employee stock ownership plans or share option plans may subject our mainland China plan participants or us to fines and other legal or administrative sanctions.

In February 2012, the State Administration of Foreign Exchange, or SAFE, promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in mainland China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or non-PRC citizens living in China for a continuous period of not less than one year and have been granted options are subject to these regulations as our company has become an overseas-listed company. Failure to complete SAFE registrations may subject them to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals and may also limit our ability to contribute additional capital into our mainland China subsidiaries and our mainland China subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under mainland China law. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Relating to Foreign Exchange—Regulation on Stock Incentive Plans."

In addition, the State Administration of Taxation has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in mainland China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our mainland China subsidiaries have obligations to file documents related to employee share options or restricted shares with tax authorities and to withhold individual income taxes for those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Relating to Foreign Exchange—Regulation on Stock Incentive Plans."

Regulations of mainland China relating to offshore investment activities by mainland China residents may limit our mainland China subsidiaries' ability to change their registered capital or distribute profits to us or otherwise expose us or our mainland China resident beneficial owners to liability and penalties under laws of mainland China.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37. SAFE Circular 37 requires mainland China residents (including mainland China individuals and mainland China corporate entities as well as foreign individuals that are deemed as mainland China residents for foreign exchange administration purposes) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as change of a mainland China individual shareholder, name and operation term, or any significant changes with respect to the offshore special purpose vehicle, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. SAFE Circular 37 is applicable to our shareholders who are mainland China residents and may be applicable to any offshore acquisitions that we make in the future. According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment released on February 13, 2015 by the SAFE, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 1, 2015. Mainland China residents shall, by themselves or entrusting accounting firms or banks, file with the online information system designated by SAFE with respect to its existing rights under offshore direct investment each year prior to the requisite time.

If our shareholders who are mainland China residents or entities do not complete their registration with the local SAFE branches or qualified local banks or complete annual filing of its existing rights under offshore direct investment, our mainland China subsidiaries may be prohibited from distributing to us its profits and proceeds from any reduction in capital, share transfer or liquidation, and we may be restricted in our ability to contribute additional capital to our mainland China subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under mainland China laws for evasion of applicable foreign exchange restrictions.

We have used our best efforts to notify mainland China residents or entities who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us as being mainland China residents or entities to complete the foreign exchange registrations and annual filings of its existing rights under offshore direct investment. However, we may not be informed of the identities of all mainland China residents or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with SAFE registration requirements. We cannot assure you that all shareholders or beneficial owners of ours who are mainland China residents or entities have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by, SAFE regulations.

The failure or inability of such shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our mainland China subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our mainland China subsidiaries' ability to make distributions or pay dividends to us or affect our ownership structure. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business. To the extent cash in our business is in mainland China or Hong Kong or an entity in mainland China or Hong Kong, such cash may not be available to fund operations or for other use outside of mainland China or Hong Kong due to interventions, restrictions and limitations imposed by the governmental authorities on the ability of us, our subsidiaries, or the VIEs to transfer cash.

We are a Cayman Islands holding company and we rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders for services or any debt we may incur. If our PRC subsidiaries incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under laws and regulations of mainland China, our mainland China subsidiaries, which is a foreign-owned enterprise, may pay dividends only out of its respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a foreign-owned

enterprise is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, after having accrued statutory reserve from the after-tax profits, a foreign-owned enterprise can also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' meeting.

Our mainland China subsidiaries generate essentially all of their revenue in Renminbi, which is not freely convertible into other currencies. Cash transfers from our mainland China subsidiaries and the VIEs to entities outside of mainland China are subject to the regulations on currency conversion. As a result, any restriction on currency exchange may limit the ability of our mainland China subsidiaries to use their Renminbi revenues to pay dividends to us.

We cannot preclude the possibility that, in the future, the PRC government may continue to strengthen its capital regulation, and more restrictions and substantial vetting processes may be put forward by SAFE for cross-border transactions falling under both the current account and the capital account. To the extent cash in our business is in mainland China or Hong Kong or an entity in mainland China or Hong Kong, such cash may not be available to fund operations or for other use outside of mainland China or Hong Kong due to restrictions and limitations imposed by the governmental authorities on the ability of us, our subsidiaries, or the VIEs to transfer cash outside of mainland China or Hong Kong. Any limitation on the ability of our mainland China subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. Although currently there are not equivalent or similar restrictions or limitations in Hong Kong on cash transfers in, or out of, our Hong Kong entities, if restrictions or limitations were to become applicable to cash transfers in and out of Hong Kong entities in the future, the funds in our Hong Kong entities, likewise, may not be available to fund operations or for other use outside of Hong Kong.

In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated.

Mainland China regulation of loans to and direct investment in mainland China entities by offshore holding companies and governmental regulation of currency conversion may delay or prevent us from making loans or additional capital contributions to our mainland China subsidiaries and the VIEs in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our mainland China subsidiaries and VIEs and their subsidiaries. We may make loans to our mainland China subsidiaries and VIEs and their subsidiaries subject to the approval from or registration with governmental authorities and limitation on amount, or we may make additional capital contributions to our wholly foreign-owned subsidiaries in China. Any loans to our wholly foreign-owned subsidiaries in mainland China, which are treated as foreign-invested enterprises, under law of mainland China, are subject to applicable foreign exchange loan registrations. In addition, a foreign invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of a foreign invested enterprise shall not be used for the following purposes: (i) directly or indirectly used for payment beyond the business scope of such foreign invested enterprise or the payment prohibited by laws and regulations; (ii) directly or indirectly used for investment in securities or investments in financial management other than banks' principal-secured products unless otherwise provided by laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19, effective June 2015. According to SAFE Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of bank loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within mainland China, it also reiterates the principle that RMB converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in

mainland China in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold to our mainland China subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in mainland China. On October 23, 2019, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Promoting the Convenience of Cross-border Trade and Investment, or the SAFE Circular 28, which, among other things, allows all foreign-invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments in mainland China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. However, since the SAFE Circular 28 is newly promulgated, it is unclear how SAFE and competent banks will carry this out in practice.

In light of the various requirements imposed by mainland China regulations on loans to and direct investment in mainland China entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to future loans by us to our mainland China subsidiaries or VIEs or their subsidiaries or with respect to future capital contributions by us to our mainland China subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to capitalize or otherwise fund our mainland China operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Governmental regulation of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment

The PRC government imposes regulation on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of mainland China. To the extent cash in our business is in mainland China or Hong Kong or a mainland China or Hong Kong entity, such cash may not be available to fund operations or for other use outside of mainland China or Hong Kong due to restrictions and limitations imposed by the governmental authorities on currency conversion, cross-border transactions and cross-border capital flows.

We receive all of our revenues in Renminbi. Under our current corporate structure, our Cayman Islands holding company may rely on dividend payments from our mainland China subsidiaries to fund any cash and financing requirements we may have. Under existing foreign exchange regulations of mainland China, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval of the SAFE, by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, without prior approval of SAFE, cash generated from the operations of our PRC subsidiaries in mainland China may be used to pay dividends to our company. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of mainland China to pay capital expenses such as the repayment of loans denominated in foreign currencies. As a result, we need to obtain SAFE approval to use cash generated from the operations of our mainland China subsidiaries and the VIEs to pay off their respective debt in a currency other than Renminbi owed to entities outside mainland China, or to make other capital expenditure payments outside mainland China in a currency other than Renminbi.

There are uncertainties whether more restrictions and substantial vetting processes will be put in place by SAFE to regulate cross-border transactions falling under the capital account. If any of our shareholders regulated by such policies fails to satisfy the applicable overseas direct investment filing or approval requirement timely or at all, it may be subject to penalties from the mainland China authorities. The PRC government may at its discretion further restrict access in the future to foreign currencies for current account transactions. If the foreign exchange regulation system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to utilize cash held in mainland China or generated by a mainland China entity to fund our operations outside of mainland China or pay dividends in foreign currencies to our shareholders, including holders of the ADSs.

The PCAOB had historically been unable to inspect our auditor in relation to their audit work performed for our financial statements and the inability of the PCAOB to conduct inspections of our auditor in the past has deprived our investors with the benefits of such inspections.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The auditor is located in mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we and investors in our ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Our ADSs may be prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China. The delisting of the ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment.

Pursuant to the HFCAA, as amended by the Consolidated Appropriations Act, 2023, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 29, 2022, the Consolidated Appropriations Act, 2023, was signed into law, which (i) reduced the number of consecutive non-inspection years required for triggering the trading prohibition under HFCAA from three years to two, and (ii) clarified that the PCAOB may determine that it is unable to inspect or investigate completely registered public accounting firms in certain jurisdictions because of positions taken by any foreign authority, not only an authority in the location in which the firms are headquartered or in which they have a branch or office.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, and our auditor was subject to that determination. In May 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we were not identified as a Commission-Identified Issuer under the HFCAA after we filed our annual reports on Form 20-F for the fiscal years ended December 31, 2022, 2023 and 2024, and do not expect to be so identified after we file this annual report on Form 20-F for the fiscal year ended December 31, 2025.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. Furthermore, whether the PCAOB will be able to continue to conduct inspections and investigations completely to its satisfaction of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainty and depends on a number of factors out of our, and our auditor's, control, including positions taken by authorities of the PRC or any other foreign jurisdiction. If authorities in the PRC or another foreign jurisdiction were to take a position at any time in the future that would prevent the PCAOB from

continuing to inspect or investigate completely registered public accounting firms headquartered in mainland China or Hong Kong, and if such lack of inspection were to extend for the requisite period of time under the HFCAA, our securities will be prohibited from being traded on U.S. markets and this could result in a determination by Nasdaq to delist our securities. If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of our ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigations that are common in jurisdictions outside mainland China are difficult to pursue as a matter of law or practicality in mainland China. For example, in mainland China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside mainland China. Although the authorities in mainland China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States or other jurisdictions may not be efficient in the absence of a mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC, and without the consent by the Chinese securities regulatory authorities and the other competent governmental agencies, no entity or individual may provide documents or materials related to securities business to any foreign party. Furthermore, the Overseas Listing Trial Measures provides, among others, that domestic companies or individuals shall obtain consent from CSRC and relevant competent authorities before they provide relevant documents and materials required by overseas securities regulators for investigation and collection of evidence. In addition, the Data Security Law and the Personal Information Protection Law provide that no entity or individual within the territory of mainland China may provide any foreign judicial body and law enforcement body with any data or any personal information stored within the territory of mainland China without the approval of the competent governmental authority of mainland China. While detailed interpretation of or implementation rules under Article 177 of the PRC Securities Law and the above provision of the Overseas Listing Trial Measures have yet to be promulgated, the inability of an overseas securities regulator to directly conduct investigation or evidence collection activities within mainland China, the required prior consent from CSRC and the potential obstacles for information provision may further increase difficulties you face in protecting your interests. See also "—Risks Related to Our ADSs and Class A Ordinary Shares—You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law" for risks associated with investing in us as a Cayman Islands company.

Recent litigation and negative publicity surrounding China-based companies listed in the U.S. may result in increased regulatory scrutiny of us and negatively impact the trading price of our ADSs.

We believe that litigation and negative publicity surrounding companies with operations in China that are listed in the U.S. have negatively impacted stock prices for such companies. Various equity-based research organizations have published reports on China-based companies after examining, among other things, their corporate governance practices, related party transactions, sales practices and financial statements that have led to special investigations and stock suspensions on national exchanges. Any similar scrutiny of us, regardless of its lack of merit, could result in a diversion of management resources and energy, potential costs to defend ourselves against rumors, decreases and volatility in the ADS trading price, and increased directors and officers insurance premiums, and could have a material adverse effect upon our business, results of operations and financial condition.

Risks Related to Our ADSs and Class A Ordinary Shares

If we fail to meet Nasdaq's minimum bid price or other continued listing requirements, our ADSs could be subject to delisting, which may significantly reduce the liquidity of our ADSs and cause further declines to the market price of our ADSs.

Our ADSs are currently listed on the Nasdaq Stock Market under the symbol "YQ." On August 3, 2023, we received a letter from the Listing Qualifications Department of Nasdaq, notifying us that because the closing

bid price of our ADSs for the last 30 consecutive business days was below US$1.00 per share, we did not meet the Nasdaq minimum bid price requirement, set forth in Nasdaq Listing Rule 5450(a)(1). On January 4, 2024, we received a letter from the Listing Qualifications Department of Nasdaq, indicating that the closing bid price of our ADSs has been at US$1.00 per ADS or greater for ten (10) consecutive business days, and we have regained compliance with the Nasdaq Listing Rule 5450(a)(1). As of the date of this annual report, we are in compliance with the requirements for continued listing on Nasdaq. However, there can be no assurance that we will stay compliant with the requirements for continued listing at all times going forward. The delisting of our ADSs or transfer of listing may significantly reduce the liquidity of our ADSs, cause further declines to the market price of our ADSs, and make it more difficult for us to obtain adequate financing to support our continued operation.

The trading price of the ADSs is likely to be volatile, which could result in substantial losses to investors.

The trading price of the ADSs has been volatile since our ADSs started to trade on the Nasdaq, and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in mainland China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for the ADSs may be highly volatile for factors specific to our own operations, including the following:

- actual or anticipated variations in our revenues, earnings, cash flow and changes or revisions of our expected results;
- fluctuations in operating metrics;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new products, services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- announcements of studies and reports relating to the quality of our product, service and SaaS offerings or those of our competitors;
- changes in the performance or market valuations of other online education companies;
- conditions in the online education market;
- detrimental negative publicity about us, our competitors or our industry;
- any share repurchase program;
- additions or departures of key personnel;
- release of lockup or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- regulatory developments affecting us or our industry;
- general economic or political conditions affecting mainland China or elsewhere in the world;
- fluctuations of exchange rates between the RMB and the U.S. dollar; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which the ADSs will trade. For example, following the announcement of the Alleviating Burden Opinion, which contains high-level directives about requirements and restrictions related to after-school tutoring services, the trading price of our ADSs declined sharply. Furthermore, the stock market in general experiences price and volume fluctuations that are often unrelated or disproportionate to the operating performance of companies like us. These broad market and industry fluctuations may adversely affect the market price of our ADSs. Volatility or a lack of positive performance in the ADS price may also adversely affect our ability to retain key employees, most of whom have been granted equity incentives.

We are named as a defendant in putative shareholder class action lawsuits in the United States, and we may be involved in more class action lawsuits in the future. See "—We and certain of our directors or officers have been named as defendants in a putative shareholder class action lawsuit that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation." Such lawsuits could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

We have adopted a dual-class voting structure such that our ordinary shares consist of Class A ordinary shares and Class B ordinary shares (with certain shares remaining undesignated, with power for our directors to designate and issue such classes of shares as they think fit). Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to thirty votes per share. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Holders of Class B ordinary shares have the ability to control matters requiring shareholders' approval, including any amendment of our memorandum and articles of association. Any future issuances of Class B ordinary shares may be dilutive to the voting power of holders of Class A ordinary shares. Any conversions of Class B ordinary shares into Class A ordinary shares may dilute the percentage ownership of the existing holders of Class A ordinary shares within their class of ordinary shares. Such conversions may increase the aggregate voting power of the existing holders of Class A ordinary shares. In the event that we have multiple holders of Class B ordinary shares in the future and certain of them convert their Class B ordinary shares into Class A ordinary shares, the remaining holders who retain their Class B ordinary shares may experience increases in their relative voting power.

As of February 28, 2026, Mr. Andy Chang Liu, our founder, chairman and chief executive officer, beneficially owned all of our issued Class B ordinary shares. These Class B ordinary shares constitute 40.2% of our total issued and outstanding share capital and 94.9% of the aggregate voting power of our total issued and outstanding share capital due to the disparate voting powers associated with our dual-class share structure. See "Item 6. Directors, Senior Management and Employees—E. Share Ownership." As a result of the dual-class share structure and the concentration of ownership, holders of Class B ordinary shares will have considerable influence over matters such as decisions regarding mergers and consolidations, election of directors and other significant corporate actions. Such holders may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

We cannot guarantee that any share repurchase program will be fully consummated or that any share repurchase program will enhance long-term shareholder value, and share repurchases could increase the volatility of the trading price of the ADSs and could diminish our cash reserves.

On September 29, 2022, our board of directors authorized a share repurchase program, under which we may repurchase up to US$10.0 million worth our ordinary shares (including in the form of ADSs) during a 12-month period starting from November 2, 2022. We accumulatively repurchased approximately US$7.1 million of ADSs under this share repurchase program and the share repurchase program was completed in November 2023. On September 21, 2023, our board of directors authorized a share repurchase program, under which we may repurchase up to US$10.0 million worth our ordinary shares (including in the form of ADSs) during a 12-month period starting from November 2, 2023. As of December 31, 2024, we accumulatively repurchased approximately US$1.6 million of ADSs under this share repurchase program and the share repurchase program was completed in November 2023. On September 4, 2024, our board of directors authorized a share repurchase program, under which we may repurchase up to US$10.0 million worth of our ordinary shares (including in the form of ADSs) during a 12-month period starting from September 4, 2024. We accumulatively repurchased a total of approximately US$0.5 million of ADSs under this share repurchase program and the share repurchase program was completed in September 2025. On September 3, 2025, our board of directors authorized a share repurchase program, under which we may repurchase up to US$10 million worth of our ordinary shares (including in the form of ADSs) during a 12-month period starting from September 4, 2025. As of December 31, 2025, we had repurchased 1,578 ADS under this share repurchase program.

Although our board of directors has authorized this program, we are not obligated to purchase any specific dollar amount or to acquire any specific number of shares. The timing and amount of repurchases, if any, will depend upon several factors, including market, business conditions, the trading price of the ADSs or our ordinary shares and the nature of other investment opportunities. Our share repurchase program could affect the price of the ADSs and increase volatility and may be suspended or terminated at any time, which may result in a decrease in the trading price of the ADSs. For example, the existence of a share repurchase program could cause the price of the ADSs to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for the ADSs. Additionally, our share repurchase program could diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities. There can be no assurance that any share repurchases will enhance shareholder value because the market price of the ADSs or our ordinary shares may decline below the levels at which we determine to repurchase the ADSs or our ordinary shares. Although our share repurchase program is intended to enhance long-term shareholder value, there is no assurance that it will do so and short-term share price fluctuations could reduce the program's effectiveness.

The dual-class structure of our ordinary shares may adversely affect the trading market for our ADSs.

Certain shareholder advisory firms have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our ordinary shares may prevent the inclusion of our ADSs representing Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our ADSs. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our ADSs.

We currently do not expect to pay dividends in the foreseeable future and you must rely on price appreciation of our ADSs for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends,

the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

The sale or availability for sale of substantial amounts of our ADSs could adversely affect their market price.

Sales of substantial amounts of our ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of our ADSs and could materially impair our ability to raise capital through equity offerings in the future. Shares held by our existing shareholders may also be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

Our seventh memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and the ADSs.

Our seventh memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, including Class A ordinary shares represented by ADSs. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be materially and adversely affected.

Our seventh memorandum and articles of association and the deposit agreement provide that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive judicial forum within the U.S. for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, and any suit, action or proceeding arising out of or relating in any way to the ADSs or the deposit agreement, which could limit the ability of holders of our ordinary shares, the ADSs or other securities to obtain a favorable judicial forum for disputes with us, our directors and officers, the depositary, and potentially others.

Our seventh memorandum and articles of association provide that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than our company. The deposit agreement provides that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall have exclusive jurisdiction over any suit, action or proceeding against or involving us or the depositary, arising out of or relating in any way to the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs. The enforceability of similar federal court choice of forum provisions in other companies' organizational documents has been challenged in legal proceedings in the United States, and it is possible that a court could find this type of provision to be inapplicable or unenforceable. If a court were to find the federal choice of forum provision contained in our Seventh memorandum and articles of association or the deposit agreement to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. If upheld, the forum selection clause in our Seventh memorandum and articles of association, as well as the forum selection provision in the deposit agreement, may limit a

security-holder's ability to bring a claim against us, our directors and officers, the depositary, and potentially others in his or her preferred judicial forum, and this limitation may discourage such lawsuits. Holders of our shares or the ADSs will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder pursuant to the exclusive forum provision in the seventh memorandum and articles of association and deposit agreement. In addition, the forum selection provision of the deposit agreement does not affect the right of an ADS holder or the depositary to require any claim against us, including a federal securities law claim, to be submitted to arbitration or to commence an action in any court in aid of that arbitration provision or to enter judgment upon or enforce any arbitration award.

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 direct the voting of the underlying Class A ordinary shares represented by your ADSs.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights attached to the underlying Class A ordinary shares represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Where any matter is to be put to a vote at a general meeting where we asked the depositary to solicit your instruction, then upon receipt of your voting instructions, the depositary will try, as far as is practicable, to vote the underlying Class A ordinary shares represented by your ADSs in accordance with your instructions. You will not be able to directly exercise your right to vote with respect to the underlying Class A ordinary shares unless you cancel and withdraw such Class A ordinary shares and become the registered holder of such shares prior to the record date for the general meeting.

When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the underlying Class A ordinary shares represented by your ADSs and become the registered holder of such Class A ordinary shares to allow you to attend the general meeting and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting. In addition, under our Seventh memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the underlying Class A ordinary shares represented by your ADSs and from becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, upon our instruction 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 the underlying Class A ordinary shares represented by your ADSs.

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 direct how the underlying Class A ordinary shares represented by your ADSs are voted and you may have no legal remedy if the underlying Class A ordinary shares represented by your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to requisition a shareholders' meeting.

Further, under the deposit agreement for the ADSs, if you do not vote, the depositary will give us a discretionary proxy to vote the Class A ordinary shares underlying your ADSs at shareholders' meetings if:

- we have instructed the depositary that we wish a discretionary proxy to be given;
- we have confirmed to the depositary that there is no substantial opposition as to a matter to be voted on at the meeting; and
- we have confirmed to the depositary that a matter to be voted on at the meeting would not have a material adverse impact on shareholders.

The effect of this discretionary proxy is that you cannot prevent our underlying Class A ordinary shares represented by your ADSs from being voted under the circumstances described above. This may adversely affect your interests and make it more difficult for shareholders to influence the management of our company. Holders of our Class A ordinary shares are not subject to this discretionary proxy.

You may not receive cash dividends or other distributions if the depositary decides it is impractical to make them available to you.

The depositary will pay cash distributions or other distributions on the ADSs only to the extent that we decide to make distributions on our Class A ordinary shares or other deposited securities, and we do not have any present plan to pay any cash dividends on our Class A ordinary shares in the foreseeable future. To the extent that there is a distribution, the depositary has agreed to pay you the cash dividends or other distributions it or the custodian receives on our shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to you.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is 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.

You may experience dilution of your holdings due to inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs, or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our seventh memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties 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 of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, with respect to Cayman Islands companies, plaintiffs may face special obstacles, including but not limited to those relating to jurisdiction and standing, in attempting to assert derivative claims in state or federal courts of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (apart from the memorandum and articles of association, the register of mortgages and charges and special resolutions of the shareholders) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our seventh amended and restated articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of our board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Act of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see "Item 10. Additional Information—B. Memorandum and Articles of Association—Differences in Corporate Law."

Certain judgments obtained against us or our directors and executive officers by our shareholders may not be enforceable.

We are a Cayman Islands exempted company and most of our assets are located in mainland China. All of our current operations are conducted in mainland China. In addition, all of our directors and executive officers are located in mainland China as of the date of this annual report. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of mainland China may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, subject to the depositary's right to require a claim to be submitted to arbitration, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, in the state courts in New York County, New York) shall have exclusive jurisdiction to hear and determine claims arising out of or relating in any way to the deposit agreement (including claims arising under the Exchange Act or the Securities Act) and in that regard, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waives the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary, lead to increased costs to bring a claim, limited access to information and other imbalances of resources between such holder and us, or limit such holder's ability to bring a claim in a judicial forum that such holder finds favorable. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not enforced, to the extend a court action proceeds, it would proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs shall relieve us or the depositary from our respective obligations to comply with the Securities Act and the Exchange Act nor serve as a waiver by any holder or beneficial owner of ADSs of compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder.

ADS holders' right to pursue claims against the depositary is limited by the terms of the deposit agreement.

Under the deposit agreement, any legal suit, action or proceeding against or involving us or the depositary, arising out of or relating in any way to the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted in the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, in the state courts in New York County, New York), and a holder of our ADSs, will have irrevocably waived any objection which such holder may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. However, the enforceability of similar federal court choice of forum provisions in other companies' organizational documents has been challenged in legal proceedings in the United States, and it is possible that a court could find this type of provision to be inapplicable or unenforceable. Accepting or consenting to this forum selection provision does not represent you are waiving compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder. Furthermore, investors cannot waive compliance with the U.S. federal securities laws and rules and regulations promulgated thereunder.

The deposit agreement provides that the depositary or an ADS holder may require any claim asserted by it against us arising out of or relating to our Class A ordinary shares, the ADSs or the deposit agreement be referred to and finally settled by an arbitration conducted under the terms described in the deposit agreement, although the arbitration provisions do not preclude you from pursuing any claim, including claims under the Securities Act or the Exchange Act, in the United States District Court for the Southern District of New York (or such state courts if the United States District Court for the Southern District of New York lacks subject matter jurisdiction). The exclusive forum selection provisions in the deposit agreement also do not affect the right of any party to the deposit agreement to elect to submit a claim against us to arbitration, or our duty to submit that claim to arbitration, as provided in the deposit agreement, or the right of any party to an arbitration under the deposit agreement, to commence an action to compel that arbitration, or to enter judgment upon or to enforce an award by the arbitrators, in any court having jurisdiction over an action of that kind. The arbitration provisions apply to actions arising under the Securities Act and the Exchange Act. Accepting or consenting to the arbitration provisions does not constitute a waiver by investors of our or the depositary's compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq listing standards.

As a Cayman Islands exempted company listed on the Nasdaq, we are subject to the Nasdaq listing standards, which require listed companies to have, among other things, a majority of their board members to be independent and independent director oversight of executive compensation and nomination of directors. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq listing standards.

We are permitted to elect to rely on home country practice to be exempted from the corporate governance requirements. Nasdaq Rule 5620 requires each issuer to hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year-end. However, Nasdaq Rule 5615(a)(3) permits foreign private issuers like us to follow "home country practice" in certain corporate governance matters. We followed home country practice and did not hold an annual meeting of shareholders in 2025. In March 2022, our board of directors approved the amended and restated 2020 share incentive plan. We relied on the home country practice exemption and did not convene a shareholder meeting to approve the amended and restated 2020 share incentive plan. Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, has provided a letter to the Nasdaq Stock Market certifying that under Cayman Islands law, we are not required to obtain shareholder approval in respect of the adoption of a stock option or other equity compensation arrangement, or an amendment to the stock option or other equity compensation plan. In March 2024, our board of directors approved the issuance of 58,453,168 Class B ordinary shares of the Company to Mr. Andy Chang Liu for an aggregate consideration of US$3,109,708.54. In March 2025, our board of directors approved the issuance of 83,093,664 Class B ordinary shares and 18,252,336 Class A ordinary shares of the Company to Mr. Andy Chang Liu for an aggregate consideration of

US$4,027,774.81. We relied on the home country practice exemption and did not convene a shareholder meeting to approve the share issuance. Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, has provided a letter to the Nasdaq Stock Market certifying that under Cayman Islands law, we are not required to obtain shareholder approval in respect of such share issuance. As a result of this and other home country practice we may follow in the future, our shareholders may be afforded less protection than they would otherwise enjoy if we complied fully with the Nasdaq listing standards.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time;
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD; and
- certain audit committee independence requirements in Rule 10A-3 of the Exchange Act.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the Nasdaq. Press releases relating to financial results and material events are also furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC is less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

We are a "controlled company" within the meaning of the Nasdaq Stock Market Rules and, as a result, may rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

We are a "controlled company" as defined under the Nasdaq Stock Market Rules because Mr. Andy Chang Liu, our founder, chairman and chief executive officer, beneficially owns more than 50% of our total voting power. For so long as we remain a controlled company under that definition, we are permitted to elect to rely on, and may rely on, certain exemptions from corporate governance rules. In reliance on such exemptions, the majority of our board of directors are not independent directors. As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

We believe that we were a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for the taxable year ended December 31, 2025, and it is likely we will be a PFIC for the current taxable year and future taxable years, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ADSs.

A non-U.S. corporation, such as our company, will be a passive foreign investment company, or PFIC, for any taxable year if either (1) at least 75% of its gross income for such year consists of certain types of "passive" income, or the income test; or (2) at least 50% of the fair market value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce passive income or are held for the production of passive income, or the asset test. A non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as holding and receiving directly its proportionate share of assets and income of such corporation. Although the law in this regard is unclear, we treat the VIEs (and their subsidiaries) as being owned by us for U.S. federal income tax purposes because we control their

management decisions and are entitled to substantially all of the economic benefits associated with them, and, as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements.

Based on our analysis of our current and expected income and assets (the value of which are partially determined by reference to the market value of our ADSs), we believe that we were a PFIC for United States federal income tax purposes for the taxable year ended December 31, 2025, and we will likely be a PFIC for the current and subsequent taxable years. In addition, it is possible that any subsidiary that we own or are treated as owning for U.S. federal income tax purposes would also be a PFIC for such taxable years.

If we are a PFIC in any taxable year during which a U.S. holder (as defined in "Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations") holds our ADSs, such holder may incur significantly increased U.S. income tax on gain recognized on the sale or other disposition of the ADSs and on the receipt of distributions on the ADSs to the extent such gain or distribution is treated as an "excess distribution" under the U.S. federal income tax rules, and such holder will generally be subject to reporting requirements. Further, if we are a PFIC for any year during which a U.S. Holder holds our ADSs, in the absence of certain elections by such holder, we will generally continue to be treated with respect to such holder as a PFIC for all succeeding years during which such holder holds our ADSs, even if we subsequently cease to be a PFIC. For more information see "Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Considerations."

ITEM 4. INFORMATION ON THE COMPANY

A.History and Development of the Company

We set up Shanghai Hexu Information Technology Co., Ltd., or Shanghai Hexu, in December 2012.

Our holding company, 17 Education & Technology Group Inc., was incorporated in October 2012. In December 2012, 17 Education & Technology Group Inc. established a wholly-owned subsidiary in Hong Kong, Sunny Education (HK) Limited. In April 2013, Sunny Education (HK) Limited established a wholly-owned subsidiary in mainland China, Shanghai Yiqi Zuoye Information Technology Co., Ltd., or Shanghai WFOE. In May 2013, we gained the ability to direct the business operations of Shanghai Hexu through Shanghai WFOE by entering into a series of contractual arrangements with Shanghai Hexu and its shareholders. As a result of the contractual arrangements, we have the power to direct the activities of Shanghai Hexu that most significantly affect its economic performances and are entitled to receive the economic benefits of Shanghai Hexu that could potentially be significant to it. Therefore, we have determined that we are the primary beneficiary of Shanghai Hexu for accounting purposes in accordance with ASC 810, Consolidations under U.S. GAAP, and have consolidated Shanghai Hexu's results of operations, assets and liabilities in our consolidated financial statements for all the periods presented. Subject to the change of shareholders of Shanghai Hexu, the contractual arrangements by and among Shanghai WFOE, Shanghai Hexu and its shareholders were respectively amended and restated in May 2020 and September 2020.

To expand our business operations, we established Beijing Yiqi Education Information Consultation Co., Ltd., or Beijing Yiqi Information, in February 2019, and further entered into a series of contractual arrangements with Beijing Yiqi Information and its shareholders in May 2020, through which our wholly owned subsidiary Beijing Yiqi Education established in July 2019, gained the ability to direct the business operation of Beijing Yiqi Information. As a result of the contractual arrangements, we have the power to direct the activities of Beijing Yiqi Information that most significantly affect its economic performances and are entitled to receive the economic benefits of Beijing Yiqi Information that could potentially be significant to it. Therefore, we have determined that we are the primary beneficiary of Beijing Yiqi Information for accounting purposes in accordance with ASC 810, Consolidations under U.S. GAAP, and have consolidated Beijing Yiqi Information's results of operations, assets and liabilities in our consolidated financial statements for all the periods presented. Subject to the change of shareholders of Beijing Yiqi Information, the contractual arrangements by and among Beijing Yiqi Education, Beijing Yiqi Information and its shareholders were amended and restated in September 2020. Sunny Education (HK) Limited established a wholly-owned subsidiary in mainland China, Guangzhou Qixuan Education & Technology Co., Ltd., or Guangzhou Qixuan, in December 2021. As part of our efforts to streamline our corporate structure, Beijing Yiqi Education entered into a termination agreement with Beijing Yiqi Information and its shareholders to terminate certain contractual arrangements between Beijing Yiqi Education and Beijing Yiqi Information, Beijing Yiqi Information's shareholders and other relevant parties, and meanwhile our wholly-owned subsidiary Guangzhou Qixuan entered into a series of contractual arrangements with Beijing Yiqi Information and its shareholders in March 2022 through which Guangzhou Qixuan gained the ability to direct the business operations of Beijing Yiqi Information.

To further expand our business operations, we established Beijing Xiaofeng Online Technology Co., Ltd., or Beijing Xiaofeng, in March 2019, and we gained the ability to direct the business operations of Beijing Xiaofeng through Shanghai WFOE by entering into a series of contractual arrangements with Beijing Xiaofeng and its shareholders in August 2020, and the contractual arrangements are deemed effective from the incorporation of Beijing Xiaofeng. We wound down and deregistered Beijing Xiaofeng in April 2021, because it was not engaged in material business activities.

On November 17, 2021, we changed the ratio of ADSs to Class A ordinary shares, or the ADS Ratio, from two ADSs to five Class A ordinary shares to one ADS to ten Class A ordinary shares.

We ceased offering tutoring services related to K-12 Academic AST Services in mainland China by December 31, 2021.

To further expand our business operations, we set up Beijing Qili Technology Co., Ltd., or Beijing Qili, in October 2021 and further entered into a series of contractual arrangements with Beijing Qili and its shareholders through which our wholly owned subsidiary Shanghai WFOE gained the ability to direct the business operations of Beijing Qili in October 2021. As a result of the contractual arrangements, we have the power to direct the activities of Beijing Qili that most significantly affect its economic performances and are entitled to receive the economic benefits of Beijing Qili that could potentially be significant to it. Therefore, we have determined that we are the primary beneficiary of Beijing Qili for accounting purposes in accordance with ASC 810, Consolidations under U.S. GAAP, and have consolidated Beijing Qili's results of operations, assets and liabilities in our consolidated financial statements for all the periods presented. Further, we established a wholly-owned subsidiary in the British Virgin Islands, 17 Educational Products Limited, in September 2021. 17 Educational Products Limited established a wholly-owned subsidiary in Hong Kong, 17 Glory Limited, in October 2021. 17 Glory Limited established a wholly-owned subsidiary in mainland China, Guangzhou Qixiang Technology Co., Ltd., or Guangzhou Qixiang, in December 2021. As part of our efforts to streamline our corporate structure, we terminated the aforesaid contractual arrangements by and among Shanghai WFOE, Beijing Qili and Beijing Qili's shareholders, and our wholly-owned subsidiary Guangzhou Qixiang entered into a series of contractual arrangements with Beijing Qili and its shareholders in March 2022 through which Guangzhou Qixiang gained the ability to direct the business operations of Beijing Qili since Guangzhou Qixiang's establishment in December 2021.

To further expand our business operations, we set up Beijing Yiqi Development in April 2021 as a subsidiary of Shanghai Hexu. Subject to the change of shareholders of Beijing Yiqi Development, we entered into a series of contractual arrangements with Beijing Yiqi Development and its shareholders through which our wholly owned subsidiary Shanghai WFOE gained the ability to direct the business operations of Beijing Yiqi Development in November 2021. As a result of the contractual arrangements, we have the power to direct the activities of Beijing Yiqi Development that most significantly affect its economic performances and are entitled to receive the economic benefits of Beijing Yiqi Development that could potentially be significant to it. Therefore, we have determined that we are the primary beneficiary of Beijing Yiqi Development for accounting purposes in accordance with ASC 810, Consolidations under U.S. GAAP, and have consolidated Beijing Yiqi Development's results of operations, assets and liabilities in our consolidated financial statements for all the periods presented. Further, in September 2021, we established a wholly-owned subsidiary in the Cayman Islands, 17 Technology Limited. In October 2021, 17 Technology Limited established a wholly-owned subsidiary in the British Virgin Islands, 17 Inspire Limited. In October 2021, 17 Inspire Limited established a wholly-owned subsidiary in Hong Kong, 17 Legend Limited, which established a wholly-owned subsidiary in mainland China, Beijing Yiqi Hangfan Technology Co., Ltd., or Beijing Yiqi Hangfan, in December 2021. As part of our efforts to streamline our corporate structure, we terminated the aforesaid contractual arrangements by and among Shanghai WFOE, Beijing Yiqi Development and Beijing Yiqi Development's shareholders, and our wholly-owned subsidiary Beijing Yiqi Hangfan entered into a series of contractual arrangements with Beijing Yiqi Development and its shareholders in March 2022 through which Beijing Yiqi Hangfan gained the ability to direct the business operations of Beijing Yiqi Development since Beijing Yiqi Hangfan's establishment in December 2021. In November 2024, we adjusted the registered capital of Beijing Yiqi Development, and accordingly we updated part of the aforesaid contractual arrangements by and among Beijing Yiqi Hangfan, Beijing Yiqi Development and Beijing Yiqi Development's shareholders.

To further expand our business operations, we set up Guangzhou Qili in March 2022 and further entered into a series of contractual arrangements with Guangzhou Qili and its shareholders through which our wholly-owned subsidiary Guangzhou Qixiang gained the ability to direct the business operations of Guangzhou Qili in March 2022. As a result of the contractual arrangements, we have the power to direct the activities of Guangzhou Qili that most significantly affect its economic performances and are entitled to receive the economic benefits of

Guangzhou Qili that could potentially be significant to it. Therefore, we have determined that we are the primary beneficiary of Guangzhou Qili for accounting purposes in accordance with ASC 810, Consolidations under U.S. GAAP, and have consolidated Guangzhou Qili's results of operations, assets and liabilities in our consolidated financial statements for all the periods presented.

On December 18, 2023, we changed the ADS Ratio from one ADS to ten Class A ordinary shares to one ADS to fifty Class A ordinary shares. Except as otherwise indicated, all ADS and per ADS data in this annual report give retroactive effect to such change of ADS ratio to one ADS to fifty Class A ordinary shares.

Our principal executive offices are located at 16/F, Block B, Wangjing Greenland Center, Chaoyang District, Beijing 100102, People's Republic of China. Our telephone number at this address is +86 (10) 6479-6786. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at *www.sec.gov.* You can also find information on our website at *https://ir.17zuoye.com.* The information contained on our website is not a part of this annual report.

B.Business Overview

Overview

We are a leading education technology company in China. Our smart, in-school, teaching and learning SaaS offerings assist students, teachers, schoolmasters and educational authorities across China to achieve data-driven teaching, learning and assessment. We also offer our AI-powered personalized learning solution to C-end customers, as well as other educational products and services, which complement students' in-school learning. Leveraging the content, data insights and brand recognition that we have accumulated over the past decade, our products and services have seen significant progress since their launch, after we transformed our business following the implementation of the Alleviating Burden Opinion in July 2021.

In-school

At our founding, we believed that delivering truly effective education in China requires a focus on in-school learning that is core to the K-12 school system, and as such, we strategically began building our smart in-school classroom solution, including homework and academic assessment products, for K-12 schools in 2012 to empower in-school learning. Over the past decade, we have significantly expanded the product portfolio within our smart in-school classroom solution to encompass class preparation and delivery, homework-related activities and academic assessment, delivering significant efficiency improvements to teachers, students and parents in all of their key daily educational activities and enabling them to engage in ways that would be impossible using traditional offline methods.

Beginning in September 2021, we launched our teaching and learning SaaS offerings as an upgrade to our pre-existing smart in-school classroom solution, which had previously been free of charge for teachers, students and parents to use. Our teaching and learning SaaS offerings integrate software and hardware to provide data-driven recommendations and other value-added functions that cater to the needs of various participants of the teaching, learning and management scenarios at schools, including students, teachers, schoolmasters and educational authorities. The purchasers of our teaching and learning SaaS offerings are primarily regional educational authorities and schools. We price our teaching and learning SaaS offerings based on a number of factors, including the number of students and schools using our offerings, the particular combination of functions and hardware and the payment structure.

We believe our in-school offerings provide substantial benefits for teachers, students, parents and educational authorities:

For teachers. We believe school teachers are the pillars of the education system. We provide teachers with comprehensive educational content that we have fine-tuned over the past nine years, as well as a range of powerful tools that allow them to more efficiently execute their daily activities, including assigning personalized homework assignments, as encouraged by the Alleviating Burden Opinion, freeing them to concentrate on improving the quality of their teaching. With our products, teachers can easily track student performance during the semester and throughout different grades, empowering them to offer a significantly higher level of personalization and elicit better results from students.

For students. Our ultimate goal is to improve learning efficiency and outcomes. Our products enable students to engage with a massive, proprietary library of localized learning content, access and complete their assignments online, and receive personalized homework and feedback based on issues identified in their homework and assessments

For parents. We offer parents an effective, user-friendly way to monitor the academic performance and progress of their children. We also provide parents with up-to-date analysis on the areas where their children face challenges, as well as individualized study plans designed to tackle these areas of academic weakness, enabling them to take a more active role in the learning process.

For educational authorities. We offer educational authorities and schoolmasters comprehensive data-driven management tools to track the performance of students and teachers across classes and schools. Such tools assist school managers to form a more holistic and accurate evaluation of teaching and learning progress, which in turn helping them to form more targeted planning and improvements.

After-school

Historically, online K-12 after-school tutoring courses were our core offerings for the after-school learning scenario. However, in order to ensure compliance with the latest PRC regulations, we ceased offering the K-12 Academic AST Services by the end of December 2021. We have been exploring alternative forms of education products and services to address market needs, leveraging our profound insights into student academic performance in school and our understanding of local curricula. Our significant presence in K-12 schools across China allows us to apply our insights into local curriculum and assessment objectives, as well as understanding of students' learning weakness, to our exploration of new products and services. Moreover, the trusted relationships we have developed with students and parents provide us with a large and familiar pool of prospective customers for our new products, as well as a community of supporters that provide organic word-of-mouth referrals.

Leveraging our brand recognition and user trust built through our smart in-class teaching and learning SaaS offerings, as well as our established relationships with students and parents, we introduced our new AI-powered personalized learning offering, "*Yiqi Aixue*," in November 2025. This innovative, consumer-oriented offering is aligned with the national "AI + Education" initiative and exemplifies our core commitment to personalized learning. "*Yiqi Aixue*" seamlessly integrates smart hardware, cutting-edge AI algorithms, expansive content resources, and the unparalleled data insights we have cultivated over the past decade, delivering a highly adaptive and engaging learning experience. We have started delivering services and products for *Yiqi Aixue* since January 2026, with certain advance payments collected from customers in 2025. For additional details, please refer to "—Our AI-Powered Personalized Learning Offering."

Our Teaching and Learning SaaS Offerings

Our Previous Smart In-School Classroom Solutions

We have been offering free smart in-school classroom solution across China for almost a decade and was a market leader in this segment. Over time, we had significantly expanded the product portfolio of our smart in-school classroom solution to encompass class preparation and delivery, homework-related activities and academic assessment, delivering significant efficiency to teachers, students and parents in all of their key daily educational activities and enable them to perform tasks that are otherwise impracticable using traditional offline methods. Our massive and proprietary content library features localized homework assignments, academic assessments and teaching and learning materials that closely track the local curriculum and educational objectives at schools across the country. In particular, our content library currently has a deep reserve of high-quality written and multimedia educational resources, including over 21 million high-quality educational resources, accurately tagged for major K-12 subjects. The widespread adoption of our existing smart in-school classroom solution and the high quality of our educational content offerings, as well as their daily integration into the in-school learning environment, have solidified our brand recognition and enabled us to win enduring trust from all stakeholders—teachers, students and parents. The high-frequency interactions we have across our products and our unique access to a large amount of mission-critical learning data also give us deep insight across all of our user groups. These position us to gain a leading edge in the education services industry.

Our Current Teaching and Learning SaaS Offerings

We launched our teaching and learning SaaS offerings in September 2021 as an upgrade to our smart in-school classroom solutions, leveraging the experience and insights we have gained and our leading market position. These offerings are provided as a paid solution to educational authorities and schools, and integrate software and hardware to provide data-driven recommendations and other value-added functions that cater to the needs of schools, especially the needs associated with in-school homework scenarios, which have been heightened by the Alleviating Burden Opinion issued in July 2021. By optimizing multi-scenario teaching data collection and analysis capabilities, our solution has formed a comprehensive service system covering the entire K-12 spectrum characterized by "targeted teaching, personalized learning, and scientific management."

We developed our teaching and learning SaaS offerings by building upon our deep understanding of teaching and learning scenarios, AI capabilities, data insights, content and brand power that we have accumulated over the past ten years. These offerings help schools and teachers digitalize traditional teaching resources to build an "internet + education" platform, achieve data synchronization across different education functions, and gain holistic insights about their teaching and students' learning. Our teaching and learning SaaS offerings are built around independently configurable modules, with each module covering a distinct in-school learning scenario. The covered scenarios include classroom solutions, question banks, homework assignments, self-directed learning and multi-role reporting, among others. This digitalization helps to increase the efficiency and effectiveness of homework assignments, as well as core teaching and learning scenarios. Our teaching and learning SaaS offerings are intended to reduce the burden of both teachers and students as it is designed to improve the efficiency of homework assignments and related teaching and learning scenarios. Our brand influence in educational digital services has been widely recognized by government bodies, schools, and parents, and provides a replicable innovation model for national education informatization. In 2024, we continued to deepen our strategic presence in the field of educational digital services, expanding from core markets in Beijing and Shanghai to a nationwide scale, and achieved scaled application and iterative upgrades of both our smart pen and paper-based solution and our Teaching and Learning service platform. Our district-level SaaS business continued to make steady progress, with the successful phased delivery of the Xicheng Smart Learning and Minhang Phase II projects, and new acquisition of contracts in Songjiang and Changning District in Shanghai. Simultaneously, our school-based subscription model businesses have witnessed rapid growth in terms of number of students and school coverage newly subscribed year-over-year.

Our teaching and learning SaaS offerings are further accompanied by tailored hardware offerings and integrations to enhance the user experience and efficiency of our in-school offerings, through better data collection and interaction, and additional matching educational contents and services for students to learn better once issues are identified by our teaching and learning SaaS offerings. We have also successfully built a more diversified sales network and established flexible management mechanisms, expanding our market reach to a broader customer base. As of now, our teaching and learning SaaS offerings are used in over 100 cities across 29 provincial-level regions in mainland China.

In 2025, we expanded our teaching and learning offerings to provide learning companion robots as hardware to B-end customers, who integrate this hardware with their existing AI capabilities as an integrated solution for end users.

School Coverage and User Base

We have established a strong national footprint within China's K-12 education system through almost a decade of expansion and growth. Through our high-quality and effective free in-school products, we have amassed a large and highly engaged user community for our existing smart in-school classroom solution. Historically, our free smart in-school classroom solution had cumulatively serviced over 1.0 million verified teacher users, more than 50.0 million verified student users and close to 50.0 million registered parent users, and was used at over 70,000 K-12 schools in over 300 cities across all provincial-level regions in mainland China. We define verified teacher users as users of our in-school teacher applications that have fulfilled our verification requirements with respect to user information provided, number of students enrolled in his or her virtual class(es) and level of student activity, such as having at least three homework assignments issued and completed by at least eight student users enrolled in his or her virtual class(es). We define verified student users as users of our in-school student applications that have completed at least three homework assignments and we define registered parent users as users that have registered and logged onto our in-school parent application at least once since registration.

Regional Educational Authorities

We launched our teaching and learning SaaS offerings in September 2021. We started our teaching and learning SaaS offerings business with regional educational authorities. In October 2021, we secured a "personalized teaching and adaptive learning system based on intelligent homework" contract with the Minhang District of Shanghai. In 2022, we successfully delivered the targeted teaching and adaptive learning system covering the whole Minhang district in Shanghai and this learning system has been used regularly throughout the teaching and learning process and has been well received by teachers, schools and educational authorities during the COVID-19 pandemic.

We work to continually update the educational content offered in our teaching and learning SaaS offerings to reflect the latest updates in education curricula and textbooks and specific requests from our users, as well as have expanded our use cases to cover additional key educational scenarios. In 2022, we secured an intelligent in-class and homework SaaS service contract with the Changning District of Shanghai, under which our personalized teaching and adaptive learning system were used to promote digitalization of teaching and learning with visualized data to facilitate school management and student development. In the same year, we also secured two contracts with the Xicheng District of Beijing to help build an online integrated student evaluation platform and an integrated student learning performance evaluation platform, and launched strategic cooperation and pilot school programs in relation to digitalized homework and teaching platforms across different districts in Shanghai and other cities of China.

As we work closely with educational authorities and educational experts, we can better understand the educational needs of and the feedback from educational authorities, schools and teachers and further develop, update and improve our teaching and learning SaaS offerings. In March 2023, we secured a "smart-pen and intelligent homework-based education digital transformation project" in the Minhang District of Shanghai. This project represents a milestone in our development and showcases our ability to provide industry-leading total solutions for one of the most demanding regions in China. We have received significant inbound inquiries about this project and our offerings from various education bureaus and regional distributors.

In April 2023, we won the bid for the cloud classroom evaluation system project in Xicheng District of Beijing. Our cloud classroom evaluation system enables the collection and analysis of interaction data between teachers and students during and after classes. This allows for comprehensive improvement of the overall quality of classroom instruction, ongoing enhancement of the regional curriculum evaluation system, and refinement of educational content and approaches. As of the date of this annual report, the cloud classroom evaluation system project was implemented across 41 schools in Xicheng District of Beijing.

In September 2023, we won the bid for a new smart-pen and intelligent homework-based digital transformation service project in Changning District of Shanghai. The project includes 290 classes in 18 middle schools in the district, spanning across grades 6 to 8 and covering over 10,000 students. In November 2023, we secured another project involving smart-pen and intelligent homework platforms in Changning District's primary schools. This newly won project extends to 28 primary schools, incorporating 128 classes and benefiting more than 4,000 students. In December 2023, we secured a contract for the Teaching Software Integration and Data Analysis Service Project in Songjiang District of Shanghai. This SaaS-based project spans at least eight schools across the district, involving 101 classes, 4,139 students, and 200 teachers.

In 2024, we completed the phased delivery of a project involving smart-pen and intelligent homework platforms in Minhang District of Shanghai. From September 2023 to June 2024, this project facilitated over 23 million homework submissions, approximately 460,000 class hours and 18,000 academic assessments. It covered over 2,100 classes, 84,000 students, and 4,500 teachers across 110 public schools during the same period. As of the date of this annual report, in the Minhang District in Shanghai, 100% of the 143 public schools have adopted our teaching and learning SaaS offering. Our teaching and learning SaaS offering not only improved the educational quality and operational efficiency of public schools in the Minhang District but also served as a key data collection and analysis tool for the implementation of Minhang District's data-driven individualized teaching initiative. We are currently in discussions with a number of regional educational authorities across China regarding the adoption of our teaching and learning SaaS offerings.

In 2025, we continued to advance the renewals of our district-level projects in Shanghai's Minhang, Changning and Songjiang districts. We successfully secured the fourth phase of the "smart homework" project in Changning District, as well as the third-phase renewal of the Songjiang platform development project.

Moreover, leveraging our strong brand endorsements and customer loyalty cultivated through our district projects and subscription model businesses, we continually advance our business through the ongoing optimization and innovation of AI technologies across our product portfolios to constantly enhance customer satisfaction and engagement. In August 2025, we launched the "*Yiqi Tongxue*" intelligent agent and successfully upgraded AI solutions in Shanghai's Minhang District. The intelligent agent can serve as (i) a teaching assistant that helps alleviate teachers' workload, (ii) a smart learning companion that supports targeted student learning, and (iii) a data-intelligent engine that provides actionable insights for administrators and enables more efficient decision-making. Powered by large-scale model architectures and deep learning technology, "*Yiqi Tongxue*" integrates vast amounts of authentic educational data to forge a comprehensive AI education system, which spans the entire educational lifecycle, including homework, in-class activities, teacher development and assessment. Through advanced AI capabilities such as deep semantic understanding, multi-modal fusion and intelligent reasoning, it facilitates a paradigm shift in teaching: moving from subjective intuition to an approach that is data-driven, highly personalized and supported by quantifiable metrics.

Private and Public Schools

Except for our teaching and learning SaaS offerings business with regional educational authorities, we have also pursued new growth strategies and expanded our customer base through the establishment of strategic partnerships with well-known private education groups, targeting both private and public schools. As a result of these collaborations, we have successfully implemented and transformed various projects in regional schools under these educational groups, such as Kunshan Foreign Language School in Jiangsu, Changsha Mingda Middle School and Changsha Yaohua Senior High School in Hunan, Tianjin Liuli Senior High School, Xianghu Future School in Zhejiang, Zhongshan County Zhiyuan Middle School in Guangxi, Aerospace City Campus of the High School affiliated with Renmin University and Aerospace City School Kunshan Foreign Language School. As an example, our project with Changsha Mingda Middle School utilizes our SaaS platform to offer digital application services in various teaching scenarios, such as classrooms, homework assignments, examinations, and teaching management. This model serves as a complement to our existing projects with district education bureaus, further accelerating our strategy to reach more schools and students, which creates a virtuous cycle that allows us to continually improve our products and solutions.

With our experiences and insights accumulated over the past years, we have developed a standardized, replicable model of integrated digital solutions in the form of teaching and learning SaaS offerings and related value-add services. We are also seeing increasing acceptance of the SaaS subscription model, compared with the previously more dominant one-time purchase model in the industry. We expect to leverage our experience, including our successful collaboration with the educational authority in Minhang District in Shanghai, to expand our geographical reach to more Districts and more cities throughout China. We are dedicated to providing the market with innovative, leading product solutions that set new standards in education technology.

Use Cases

Our smart in-school classroom solution and our teaching and learning SaaS offerings cover all of the key activities related to K-12 in-school education in China, both in its in-school and after-school segments, including class preparation and delivery, homework-related activities, academic assessment and self-directed learning and multi-role reporting, among others. The underlying technology architecture of our teaching and learning SaaS offerings consists of up to seven modules that can be independently selected, configured, or augmented together. Compared to a traditional monolithic design, such modularized design makes our education management SaaS system adaptable for the needs of different users.

In 2023, the Beijing Municipal Education Commission selected certain innovative application cases of big data in education, among which Xicheng District of Beijing, utilizing our teaching and learning SaaS offerings, was selected as a district-level model. Additionally, other clients of ours, including the High School affiliated with Renmin University, Aerospace City School, Beijing No. 43 Middle School and Beijing Primary School (Tongzhou Branch) were recognized as outstanding school-level models. These exceptional innovative application cases serve as exemplary models for schools in various districts, showcasing the ability of our teaching and learning SaaS offerings to facilitate the digital transformation of education, consistently meet the needs of both teachers and students, and thereby assist schools in improving their teaching and nurturing practices.

In the second quarter of 2025, we launched the "AI Empowerment for Hundreds of Districts, Thousands of Schools, and Tens of Thousands of Teachers" public welfare initiative, aimed at promoting the digital transformation of the education sector. This initiative is committed to providing comprehensive supports covering hardware, software, content and services, thereby facilitating the deep integration of AI into teaching management

and evaluation. The large-scale rollout of this initiative has further deepened our market presence by driving widespread adoption of our solutions among teachers and students.

Class Preparation and Delivery

Given recent developments in technological capabilities and consumer behavior, technology has increasingly become a part of K-12 education. Our 17 Smart Class software is a comprehensive content creation tool that seamlessly integrates with the software school teachers use to teach. When preparing presentations and other course materials, teachers can instantly access hundreds of thousands of pieces of highly modularized, accurately labeled, readily usable and easily customizable educational content from our database. Our proprietary content library is frequently updated and is organized across a number of easy-to-navigate classifications, including subject, learning objective, grade level, textbook version, and content type, among others. Teachers are also able to incorporate homework and assessment data from our in-school applications when preparing teaching materials for class, and in this way can make sure to take into account common mistakes on past homework questions and examinations. By using our high-quality content and our in-school data to create customized class materials, teachers are able to easily deliver an engaging, interactive learning experience for their students with more effective results. Teachers can also assign and conduct in-class exercises to assess students' understanding and provide immediate feedback. Our teaching and learning SaaS offerings also support cloud-based recording of classroom sessions, allowing for the review and analysis of teaching and learning interactions. This feature assists teachers in improving their instructional quality and enables educational authorities to monitor and evaluate teaching practices.

Homework-Related Activities

To provide an integrated education experience, our existing, free smart in-school solution matches the corresponding teacher, student and parent accounts to streamline homework assignments, synchronize updates on learning progress and outcomes and facilitate communications among them.

Our applications give teachers the ability to easily access our massive, proprietary content library when assigning homework to their students. Leveraging our state-of-the-art algorithm technologies, our applications automatically generate and recommend to teachers a wide variety of homework sets sourced from our proprietary content library. These homework sets are tailored according to a number of corresponding local and personal factors. For more information on the related algorithm technologies, see "—Technology—Big Data—Algorithms." We also provide teachers with the flexibility to create their own customized homework sets using questions sourced from our content library. Teachers have the flexibility to design homework assignments using multiple formats and approaches, enhancing their efficiency in creating assignments. In addition, our applications for students and parents recommend highly personalized exercises that complement homework assigned by teachers for additional learning at students' own pace.

Our applications allow students to submit the answers to their homework and other evaluation questions digitally. Our teacher applications automatically grades or, at a minimum, generates preliminary marks for all homework sourced from our content library as soon as students complete their assignments. Our powerful automatic speech recognition and computer vision technologies enable real-time answer evaluation and grading of both spoken and written text formats with high accuracy and reliability. For more information on the related technologies, see "—Technology—Automatic Speech Recognition and Evaluation" and "—Technology—Computer Vision." We also enable parents to supervise their children's homework in real-time.

For each homework assignment, our teacher applications automatically generate a comprehensive report based on insights from a wide variety of data, enabling teachers to identify the weaknesses and areas of improvement of students both on a class-wide and an individual level. Our algorithm technologies also learn on this data to constantly fine-tune our homework recommendations for each teacher, creating a self-reinforcing cycle that rewards long-term, repeated use of our products. Through their respective applications, students and parents can also access detailed compilations of all the mistakes students have made in the past, which constitute valuable personalized learning materials for students' review and reference for parents' guidance and supervision, forming a closed loop of learning. In addition, our application supports multi-terminal error correction, and students can access it through various offline and online methods such as learning devices, mobile applications, public platforms, personalized exercise books, and online homework correction.

Our applications also support various homework scenarios, including daily assignments, unit assignments, milestone assignments, and holiday assignments. Schools and teachers can configure personalized settings for different campuses, allowing for different modes of answering and multimedia integration.

Academic Assessment and Evaluation

We have transformed traditional data products in the industry, which focused more on data itself, into new data products that prioritize the utilization of data, thus embodying the value of data to a greater extent. We ensure scientific validity by relying on process data from large-scale practices and rigorous measurement methods. We support educational management by providing a basis for evaluation and practical decision-making. We conduct data governance, modeling, and validation aligned with regional educational concepts. In practice, we have established an evaluation system focusing on teaching norms, teaching research, and teaching effectiveness, guiding administrators to pay attention to teachers' teaching processes and the causes of teaching problems, thereby achieving efficient problem-solving. We also assist teachers in various forms of academic assessment catering to their diverse needs. Leveraging our highly localized content library and powerful applications, teachers can design, distribute and easily grade assessments with ease in a range of assessment scenarios, from short quizzes to mid-term and final exams.

Purely online academic assessments have become increasingly popular among teachers and schools since the COVID-19 pandemic. In addition, we also help teachers digitize, grade and review examinations distributed and completed in offline settings, as well as support smart pen trajectory collection and online marking. We offer a teaching research dashboard that provides teachers with valuable insights and data for instructional improvement. Teachers can access real-time and in-depth insights into student performance at the class level, which help teachers identify students' issues and facilitate precise and efficient teaching. Using our powerful algorithm technologies, we provide teachers, schools and parents detailed post-assessments analysis reports to help them better understand and contextualize the academic performance of their students, such as information on the students' learning levels and learning behaviors. Additionally, we offer recommendations for relevant learning content and assistance in study planning to enhance students' learning efficiency. For more information on the related algorithm technologies, see "—Technology—Big Data—Algorithms."

Our AI-Powered Personalized Learning Offering

In line with the national "AI + Education" initiative, which promotes the integration of intelligent learning tools and scenario-based interactive learning, we reaffirm our dedication to transforming education with advanced AI technologies. Through sustained investment in AI technologies, product innovation and service enhancement, we continue to address evolving user needs and deliver high-quality customer experience.

Leveraging our brand recognition and user trust built through our smart in-class teaching and learning SaaS offerings, as well as our established relationships with students and parents, we introduced our new AI-powered personalized learning offering, "*Yiqi Aixue*," in 2025. This innovative AI-empowered offering exemplifies our core philosophy of "targeted and personalized learning," integrating smart hardware, advanced AI capabilities, extensive content resources and data insights accumulated over the past decade. The product preserves traditional pen-and-paper writing practices while capturing multi-scenario, multi-dimensional data. Paired with AI capabilities, it can deliver targeted, personalized academic diagnostics and customized learning recommendations, and also incorporates an intelligent learning companion to foster independent learning motivation. In addition to enhancing learning outcomes, our "personalized learning" model improves learning efficiency and alleviates academic burdens, which represents a pragmatic, human-centric breakthrough in AI-education integration that differentiates our offerings in the competitive edtech space. We have started delivering products and services for *Yiqi Aixue* since January 2026, with certain advance payments collected from customers in 2025.

Other Educational Products and Services

We have been exploring alternative forms of education products and services to address market needs and in response to changes in the regulatory environment. We offer a variety of educational products and services bolstered by our exceptional capability to create educational content and our advanced technologies. Our other educational products and services mainly include membership-based premium educational content subscriptions to our selected educational contents, light courses, Chinese reading, math oral arithmetic, reading machines, study plans and associated services. We may also develop and launch other products and services as regulatory environment and market conditions evolve.

Our other educational products and services are designed to supplement the in-school studies of primary and middle school students. The educational products and services leverage the significant educational content and school-and-district-level data insights that we have accumulated across China from our in-school business over the last decade. These insights have enabled us to gain a deep understanding about our users and the content of local exams so that we can develop personalized exercise books, which are coupled with sophisticated automated grading and analysis capabilities through our mobile app, allowing us to cater to each student's learning needs. In addition, we have designed a set of effective systems to motivate children to develop good self-directed learning habits.

Our development professionals combine our accumulated education experience and our multi-dimensional, in-school learning data to develop content of our product. For example, they synthesize and incorporate the key knowledge points tested in-school and common weaknesses and areas for improvements among students within a certain region. To make sure our data-driven insights are translated into effective educational content, our development professionals apply their in-depth education experience and know-how to the design, testing and refinement of our other educational products and services. We continually update and improve our products' content based on students' and parents' use and feedback and the latest insights we have gained from our in-school products.

Content Development

Our integrated, data-driven content development capability is critical to the quality of all our product offerings. Underlying this distinctive capability are our highly systemized and streamlined development processes and best practices, which, in turn, are executed by our multidisciplinary development team in a closely coordinated fashion. As of December 31, 2025, we had 17 content development professionals, many of whom have extensive practical experience in a variety of related fields, such as teaching, educational statistics, algorithms and visual design.

In-School Content

The content in our massive, proprietary content library primarily includes localized homework and academic assessment questions sets and multimedia, interactive educational materials. Development of the questions sets generally involves two major stages:

- Preparation. Our development professionals source, reconfigure, collate, proofread and input questions that address local educational needs of different regions across China, and further contextualize, catalogue and categorize them on our system.

- Recommendation. We leverage our powerful algorithm technologies to tag each question for mapping the knowledge points it covers, and to automatically recommend question sets based on the tags in relation to students' weaknesses and areas for improvements. For more information on the related algorithm technologies, see "—Technology—Big Data—Algorithms."

For our interactive, multimedia educational materials, our dedicated multidisciplinary professionals carry out series of scripting, designing and testing processes to maximize their effectiveness in stimulating students' interest and improving learning outcomes. We constantly update our content library according to updates in local educational requirements and trends, as well as learning and behavioral data generated by our users.

After-School Content

Our development professionals combine our accumulated education experience and our multi-dimensional, mission-critical in-school learning data to develop content of our other educational products and services. For example, they synthesize and incorporate the key knowledge points tested in-school and common weaknesses and areas for improvements among students within a certain region. To make sure our data-driven insights are translated into effective educational content, our development professionals apply their in-depth education experience and know-how to the design and refine the educational contents. As an integral part of our after-school content offerings, we also utilize our algorithm and data analytics capabilities to develop and recommend highly personalized after-class exercises and academic assessments that are complementary to students' in-school education. We continually update and improve content of our product after each semester based on students' and parents' feedback and the latest insights we have gained from our in-school products.

Technology

Technology is at the core of our business, driving our content development, product innovation and operational optimization. As of December 31, 2025, we had a team of 67 technology professionals, whose expertise spans a broad range of related fields, from automatic speech recognition and evaluation, computer vision, algorithm engineering, big data analytics to operational and infrastructure maintenance. Many of our technology experts have prior work experience at leading internet and technology companies in both China and the rest of the world. We are committed to continually strengthening our technological capabilities and attracting and developing high-quality technology talents.

Automatic Speech Recognition and Evaluation

We have accumulated extensive expertise in developing and applying automatic speech recognition and evaluation technologies, which are primarily used for real-time grading of English-speaking exercises on our in-school applications. In addition to pronunciation and fluency, we are also able to evaluate vocabulary, grammar, expression and other semantic elements of speech with high accuracy by integrating our speech recognition and evaluation and language processing capabilities. Historically, the highest number of audio messages that our automatic recognition and evaluation technologies evaluated on a daily basis surpassed 300 million. Such a large amount of audio data enables us to train our AI engine to adjust to the evaluation criteria of different schools and teachers, and therefore significantly improves the accuracy of evaluation at local levels. In addition, we have developed a strong expertise in automatic recognition and evaluation of younger children's speech, using accumulated data and experience with respect to their differences in pronunciation, vernacular and speech pattern.

Computer Vision

We have also developed strong computer vision technologies. They are used in a wide variety of offline-to-online homework- and academic assessment-related scenarios, such as automatic evaluation of handwritten dictation, short-answer and essay questions for English and Chinese education and computational and word problems for mathematics education. We continually improve the accuracy of, and broaden the capabilities of, our computer vision technologies leveraging the vast amount of visual data we process.

Big Data

Algorithms

Our algorithm technologies significantly improve the efficiency of our content development and recommendation efforts. When identifying all the knowledge points that each question in our content library covers, our algorithm technologies, in conjunction with our natural language technologies, have significantly improved the efficiency of our data tagging efforts compared to manual tagging. Further, our algorithm-based recommendation system provides the foundation for our capabilities to automatically recommend homework sets to teachers and extra exercises to students and teachers. Through in-depth analysis of weaknesses and areas for improvement on class-wide and personal levels and the identification of the underlying commonalities among questions in terms of difficulty levels and knowledge points, the recommendation system allows our in-school products to recommend homework sets tailored to maximize the effectiveness and efficiency of learning.

Our item response theory-based algorithm technologies are extensively used in analyzing the results of academic assessments conducted through our in-school applications and in our after-school tutoring services. The algorithm model factors in each assessment question's difficulty levels and knowledge points in relation to students' learning progress and other attributes. We are therefore able to provide teachers, schools and parents with highly contextualized assessment analysis reports showing the academic performance of students underlying their assessment scores.

Artificial Intelligence

With access to a massive amount of data, we believe we are in a strong position to capitalize on the use of artificial intelligence and machine learning technologies. We have established ourselves as pioneers in China by successfully incorporating artificial intelligence in our core curriculum, known as Artificial Intelligence in General Curriculum, into our day-to-day business operations. Starting from October 2023, we initiated a pilot program to utilize Artificial Intelligence in General Curriculum-generated video tutorials for providing explanations to incorrect answers in educational institutions. This innovative initiative has garnered positive feedback from frontline teachers. As Artificial Intelligence in General Curriculum technology continues to advance, it holds potential for alleviating the workload of teachers. Additionally, the implementation of

transformer-based optical character recognition technology in content production has significantly enhanced the accuracy of question recognition and substantially reduced the cost associated with question creation. The constant upgrades of our educational products have effectively translated into our improved retention rate and provided a solid driver for our long-term, healthy and sustainable development.

Infrastructure

Our servers are hosted in our own internet data center in Beijing, China. We continually back-up our databases on both real-time and delayed bases. Our IT and operation professionals continually monitor the performance of our websites, applications and network infrastructure to promptly respond to potential risks. We also partner with leading cloud service providers in China to host our computing functions.

Sales, Marketing and Customer Service

Teaching and Learning SaaS Offerings

The primary clients of our teaching and learning SaaS offerings are (i) regional educational authorities, which typically require us to go through a stringent procurement and bidding process, and (ii) private and public schools, which offer a faster decision-making process and provide diversified and flexible sources of funding. To that end, we primarily rely on our dedicated sales and service team to solicit leads and bidding opportunities, provide pre-sale consultation and bidding preparation, as well as build and maintain the nationwide distribution network of our SaaS offerings. Our sales and service team works closely with this team to collaborate and secure projects.

Other Educational Products and Services

We market our other educational products and services, including various online self-learning contents and products, and strengthen our brand recognition primarily through our proprietary user community at the moment. We leverage word-of-mouth referrals generated based on our general brand recognition and trust from prior users of our various products.

Data Privacy and Security

We are committed to protecting the large amount of user data that we collect, process, store and use on a daily basis. We have implemented advanced data encryption measures to ensure secured transmission of data, encrypt confidential personal information for storage and apply classified encryption methodology based on the level of risk. In addition, we have established stringent internal protocols to prevent any unauthorized access or use of our user data. We have obtained the Level III Certification in Information Security and Protection issued by the local branch of Ministry of Public Security. Our back-end security system is capable of handling malicious attacks to safeguard the security of our operations and to protect the privacy of the users of our products and services. All our employees and tutors are required to strictly follow our detailed internal rules, policies and protocols to ensure the privacy of our user data. We limit the types of personal information that our employees and products are allowed to collect to only those strictly necessary for conducting our operations. Our user data is ranked by level of risk, and our risk department works with our various operating departments to delineate the types and scope of user data that employees are allowed to access based on their work scope and job responsibility. Our employees' and tutors' access and use of user data are automatically recorded and routinely reviewed. We also conduct system-wide vulnerability scanning and penetration test every year to continually improve our data security measures.

Content Moderation

We are committed to maintaining a healthy and positive educational environment for students and other users. Our educational content is typically subject to internal review and testing by multiple levels of our operational and management teams before being approved to launch. Our dedicated content moderation and risk management personnel monitor our content on our in-school and after-school products.

Corporate Social Responsibility

Deeply rooted in China's K-12 education ecosystem, we regularly engage in corporate social responsibility initiatives under the brand 17 Cares to promote educational equality. 17 Cares focuses on using our experience, technologies and resources to improve the quality of K-12 education in impoverished regions in China. In cooperation with local authorities, non-profit organizations, schools and other community stakeholders, we

have sponsored a wide variety of charitable events and public interest activities, ranging from providing pro bono educational informatization and training services, donating funds and educational resources, to facilitating the exchange between students from rural and urban areas.

Competition

We compete with other providers on, and continually strengthen our advantages in, the following principal competitive factors:

- ability to convert an in-depth understanding of the full-cycle of educational scenarios into user-friendly functions and solutions, as well as the comprehensiveness of these functions;
- high-quality content synchronized with local curriculum, textbook versions and academic assessment objectives;
- insights based on learning data and empowered by data analytics capabilities and advanced technologies;
- ability to provide products and services to end-users and distributors at competitive price points;
- strong national sales networks in China;
- effectiveness of customer services and sales and marketing efforts; and
- track record, trust and brand recognition.

The online educational product market is rapidly evolving and highly competitive. We believe the principal competitive factors in our business include the following:

- ability to rapidly adapt and develop products that meet student needs within the latest regulatory environment;
- overall philosophy of the educational products and the effectiveness in improving learning results;
- localized content and effective study personalized plans;
- trust and brand recognition;
- ability to grow the number of paid users on a large scale and in a cost-efficient way; and
- operational efficiency guided by data-driven insights.

We believe that we are well-positioned to effectively compete on the factors listed above. For a discussion of risks relating to competition, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We face significant competition, and if we fail to compete efficiently, we may lose our market share or fail to gain additional market share, which would adversely impact our business, financial condition and results of operations.”

Intellectual Property

We highly value our intellectual property rights, which are fundamental to our success and competitiveness. We rely on a combination of copyright and trademark law, trade secret protection and confidentiality agreements with employees to protect our intellectual property rights. We have also adopted a comprehensive set of internal rules for intellectual property management. These guidelines set the obligations of our employees and create a reporting mechanism in connection with our intellectual property protection. As of December 31, 2025, we had registered 341 trademarks, 175 patents, 148 software copyrights and 116 domain names in China.

In addition, under the employment agreements we enter into with our employees, they acknowledge that the intellectual property developed by them in connection with their employment with us, including our in-house developed content and technologies and recorded courses, are our property.

Insurance

We provide certain employees with supplemental health insurance. We do not maintain any liability insurance or property insurance policies covering students, equipment and facilities for injuries, death or losses due to fire, earthquake, flood or any other disaster. Consistent with customary industry practice in China, we do not maintain business interruption insurance, nor do we maintain key-man life insurance.

Regulations

We operate our business in mainland China under a legal regime created and made by PRC lawmakers consisting of the National People's Congress, the country's highest legislative body, the State Council, the highest authority of the executive branch of the PRC central government, and several ministries and agencies under its authority, including the Chinese Ministry of Education, the Ministry of Industry and Information Technology, the State Administration for Market Regulation (formerly known as the State Administration for Industry and Commerce), and the National Press and Publication Administration (formerly known as the State Administration of Press Publication Radio Film and Television). This section summarizes the principal PRC regulations related to our business.

Regulation Related to Private Education

Education Law of the PRC

The PRC Education Law, which was promulgated on March 18, 1995, and last amended on April 29, 2021, sets forth provisions relating to the fundamental education systems of the PRC, including a school system of pre-school education, primary education, secondary education and higher education, a system of nine-year compulsory education and a system of education certificates.

The Law for Promoting Private Education and its Implementing Rules

On December 28, 2002, the Standing Committee of the National People's Congress promulgated the Law for Promoting Private Education, or the Private Education Law and was last amended on December 29, 2018 with such amendment effective on the same date.

On April 7, 2021, the State Council published the amendment to the Regulations on the Implementation of the Law for Promoting Private Education of the PRC, or the Amended Implementation Rules, which became effective on September 1, 2021. These rules stipulate that online education activities using internet technology are encouraged by the regulatory authorities and shall comply with laws and regulations related to internet management. Private schools using internet technology shall obtain the private school operating permit, as well as the internet operating permit. Private schools shall also establish and implement internet security management systems and take technical security measures. Upon the discovery of any information whose release or transmission is prohibited by applicable laws or regulations, the private school shall immediately cease the transmission of that information and take further remedial actions, such as deleting that information, to prevent it from spreading. Records pertaining to the situation shall be kept and reported to the appropriate authorities. The Amended Implementation Rules also clarifies that social organizations and individuals are prohibited from controlling a private school that provides compulsory education or a non-profit private school that provides pre-school education through mergers and acquisitions and control agreements. The Amended Implementation Rules further stipulate that a private school providing compulsory education is prohibited from conducting transactions with its related parties. The relevant government authorities shall enhance the supervision on the agreements entered into between non-profit private schools and its related party and shall review such transaction on an annual basis.

Regulation Related to After-School Tutoring and Online Private Education

On August 10, 2019, the Chinese Ministry of Education, jointly with certain other PRC government authorities, issued Opinions on Guiding and Regulating the Orderly and Healthy Development of Educational Mobile Apps, or the Opinions on Educational Apps, which require, among others, for mobile apps that provide services for school teaching and management, student learning and student life, or home-school interactions, with school faculty, students or parents as the main users, and with education or learning as the main application scenarios, or the Educational Apps, be filed with competent provincial regulatory authorities for education. On November 11, 2019, the Chinese Ministry of Education issued the Management Rules on Filing of Educational Mobile Apps, which supplement the filing requirements of the Educational Apps.

On July 24, 2021, the General Office of State Council and the General Office of Central Committee of the Communist Party of China jointly promulgated the Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education, or the Alleviating Burden Opinion, which provides that, among other things, (i) local government authorities shall no longer approve new after-school tutoring institutions providing tutoring services on academic subjects, or Academic AST Institutions, for students in compulsory education, and the existing Academic AST Institutions shall be registered as non-profit; (ii) online Academic AST Institutions that have filed with the local education administration authorities shall be subject to review and re-approval procedures by competent government authorities, and any failure to obtain such approval will result in the cancellation of its previous filing and ICP license; (iii) Academic AST Institutions are prohibited from raising funds by listing on stock markets or conducting any capitalization activities and listed companies are prohibited from investing in Academic AST Institutions through capital markets fund raising activities, or acquiring assets of Academic AST Institutions by paying cash or issuing securities; and (iv) foreign capital is prohibited from controlling or participating in any Academic AST Institutions through mergers and acquisitions, entrusted operation, joining franchise or variable interest entities. Any violation of the foregoing must be rectified.

On September 9, 2021, the Chinese Ministry of Education published on its official website that the Chinese Ministry of Education, together with two other government authorities, issued a circular requiring all Academic AST Institutions for students in compulsory education to complete registration as non-profit by the end of 2021, and all Academic AST Institutions for students in compulsory education shall, before completing such registration, suspend enrollment of students and charging fees.

On September 18, 2021, the Chinese Ministry of Education further published on its official website that the General Office of Chinese Ministry of Education, together with five other government authorities, issued a circular requiring all online Academic AST Institutions that have filed with the local education administration authorities to obtain the private school operating permit by the end of 2021, and all online Academic AST Institutions shall, before obtain such permit, suspend enrollment of students and charging fees.

The Chinese Ministry of Education issued the Provisional Measures on Administrative Penalties for After-School Tutoring effective from October 15, 2023, which clarifies various non-complaint activities of after-school tutoring institutions and stipulates corresponding penalties. According to the Measures, the conduct of after-school tutoring by any person, legal person or other organization without approval and satisfy the following conditions constitutes unauthorized conduct of after-school tutoring institutions, which shall be ordered to cease the operation of the institutions, return collected fees and impose a fine: (i) having specific training site for offline training or website or application for online training, (ii) having more than two training practitioners, (iii) having organizational structures and division of labor.

On January 3, 2025, the MOE issued the Measures for the Application and Management of the National Platform for Supervision and Service of After-School Training, which became effective on the date of issuance. The Measures clarify that the MoE is responsible for the construction, optimization, operation and maintenance of national platform, and guides all localities to incorporate all training institutions into the full-process supervision of the national platform as required. After-school training institutions shall proactively place all pre-collected fees under supervision, introduce, display and sell relevant courses and services through the national platform, obtain a compliance certificate or code certified by the national platform, access and use relevant data as required, and enjoy corresponding rights and interests in accordance with applicable laws, regulations and policies.

We are closely monitoring the evolving regulatory environment and are making efforts to seek guidance from and cooperate with the government authorities to comply with these regulations and implementation measures and we have been taking necessary measures to comply with the above requirements. Although we believe our new services and products are not in violation of current PRC laws and regulations in all material respects, as many of these regulations for online education are relatively new and the enforcement practices are evolving, we cannot assure you that our current services will not be deemed to be non-compliant in the future. For detailed discussion, please see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Uncertainties exist in relation to the interpretation and implementation of, and proposed changes to, the PRC regulatory requirements regarding in-school educational solutions and after-school educational products and services, which may materially and adversely affect our business, financial condition and results of operations.”

Regulation Relating to Foreign Investment

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law, which came into effect on January 1, 2020. The foreign-invested enterprises established prior to the effective of the Foreign Investment Law may keep their corporate forms, among other things, within five years after January 1, 2020. Pursuant to the Foreign Investment Law, "foreign investors" means natural persons, enterprises, or other organizations of a foreign country, "foreign-invested enterprises," means any enterprise established under PRC law that is wholly or partially invested by foreign investors and "foreign investment" means any foreign investor's direct or indirect investment in mainland China, including: (i) establishing foreign invested enterprises in mainland China either individually or jointly with other investors; (ii) obtaining stock shares, stock equity, property shares, other similar interests in Chinese domestic enterprises; (iii) investing in new projects in mainland China either individually or jointly with other investors; and (iv) making investment through other means provided by laws, administrative regulations, or State Council provisions.

The Foreign Investment Law stipulates that China implements the management system of pre-establishment national treatment plus a negative list to foreign investment and the government generally will not expropriate foreign investment, except under special circumstances, in which case it will provide fair and reasonable compensation to foreign investors. Foreign investors are barred from investing in prohibited industries on the negative list and must comply with the specified requirements when investing in restricted industries on that list. When a license is required to enter a certain industry, the foreign investor must apply for one, and the government must treat the application the same as one by a domestic enterprise, except where laws or regulations provide otherwise. In addition, foreign investors or foreign invested enterprises are required to file information reports and foreign investment shall be subject to the national security review. In addition, the Implementation Rules of the Foreign Investment Law, effective on January 1, 2020, clarifies that the Foreign Investment Law and its implementation rules also apply to investments by foreign invested enterprises in mainland China.

On December 26, 2019, the Supreme People's Court of China promulgated the Interpretations on Certain Issues Regarding the Application of Foreign Investment Law, effective on January 1, 2020, pursuant to which "investment contracts" are defined as relevant agreements formed as a result of direct or indirect investments in mainland China by foreign investors, namely, foreign individuals, foreign enterprises or other foreign organizations, including contracts for establishment of foreign investment enterprises, share transfer contracts, equity transfer contracts, contracts for transfer of property or other similar interests, contracts for newly-built projects and etc. Any claim to invalidate an investment contract will be supported by courts if such investment contract is decided to be entered into for purposes of making foreign investments in the "prohibited industries" under the negative list or for purposes of investing in the "restricted industries" without satisfaction of conditions set out in the negative list.

On December 19, 2020, the National Development and Reform Commission and the Ministry of Commerce jointly promulgated the Measures on the Security Review of Foreign Investment, effective on January 18, 2021, which sets forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment, or the Office of the Working Mechanism, will be established under the National Development and Reform Commission, who will carry out routine work of security review on foreign investment. Foreign investor or relevant parties in China must declare the security review to the Office of the Working Mechanism prior to (i) the investments in the military industry, military industrial supporting and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technology and internet products and services, important financial services, key technologies and other important fields relating to national security, and obtain control in the target enterprise. Control exists when the foreign investor (i) holds over 50% equity interests in the target, (ii) has voting rights that can materially impact on the resolutions of the board of directors or shareholders meeting of the target even when it holds less than 50% equity interests in the target, or (iii) has material impact on target's business decisions, human resources, accounting and technology, etc.

Regulation Relating to Foreign Investment Restrictions

According to the latest Special Administrative Measures for the Entry of Investment (Negative List), or the Negative List, promulgated by the Ministry of Commerce and the National Development and Reform Commission, effective on November 1, 2024, the provision of value-added telecommunications services falls in

the restricted industries and the percentage of foreign ownership cannot exceed 50% (except for e-commerce, domestic multi-party communication, store-and-forward and call center). The latest negative list further provides that domestic companies engaged in foreign investment prohibited business that intend to offer and list securities in overseas markets shall obtain approval from relevant government authorities.

The Regulations on Administration of Foreign-Invested Telecommunications Enterprises as last amended on March 29, 2022, are the key regulations for foreign direct investment in telecommunications companies in mainland China. The regulations stipulates that the foreign investor of a telecommunications enterprise is prohibited from holding more than 50% of the equity interest in a foreign invested enterprise that provides value-added telecommunications services. A foreign invested enterprise that intends to operate the value-added telecommunications business must obtain approvals from the Ministry of Industry and Information Technology and obtain a Telecommunications Business Operating License.

On April 8, 2024, the Ministry of Industry and Information Technology issued the Circular on Pilot Work of Expanding the Opening Up of Value-Added Telecommunications Services, pursuant to which, the foreign ownership limits on several services, including (i) Internet Data Center, (ii) Content Delivery Networks, (iii) Internet Access Services, (iv) online data processing and transaction, (v) information publishing platform and delivery services (except Internet news and information, online publishing, online audiovisual, Internet culture business), and (vi) information protection and processing services in designated pilot areas, are eliminated. However, this Circular are newly promulgated, there are substantial uncertainties as to its interpretation, application and enforcement.

On July 13, 2006, the MIT, issued the Circular on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Services, which requires that (i) foreign investors can only operate a telecommunications business in mainland China through establishing a telecommunications enterprise with a valid telecommunications business operation license; (ii) domestic license holders are prohibited from leasing, transferring or selling telecommunications business operation licenses to foreign investors in any form, or providing any resource, sites or facilities to foreign investors to facilitate the unlicensed operation of telecommunications business in mainland China; (iii) value-added telecommunications services providers or their shareholders must directly own the domain names and registered trademarks they use in their daily operations; (iv) each value-added telecommunications services provider must have the necessary facilities for its approved business operations and maintain such facilities in the geographic regions covered by its license; and (v) all value-added telecommunications services providers should improve network and information security, enact relevant information safety administration regulations and set up emergency plans to ensure network and information safety. The provincial communications administration bureaus, as local authorities in charge of regulating telecommunications services, may revoke the value-added telecommunications business operation licenses of those who fail to comply with the above requirements or fail to rectify such noncompliance within specified time limits.

Regulation Relating to Value-added Telecommunications Services

On September 25, 2000, the State Council issued the PRC Regulations on Telecommunications, or the Telecommunications Regulations, as last amended on February 6, 2016, to regulate telecommunications activities in mainland China. The Telecommunications Regulations divided the telecommunications services into two categories, namely “infrastructure telecommunications services” and “value-added telecommunications services.” Pursuant to the Telecommunications Regulations, operators of value-added telecommunications services, or VATS, must first obtain a Value-added Telecommunications Business Operating License, or VATS License, from the Ministry of Industry and Information Technology or its provincial level counterparts. On July 3, 2017, the Ministry of Industry and Information Technology promulgated the Administrative Measures on Telecommunications Business Operating Licenses, which set forth more specific provisions regarding the types of licenses required to operate VATS, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses.

The Classified Catalog of Telecommunications Services (2015 Version), effective on March 1, 2016 and as amended on June 6, 2019, defines information services as “the information services provided for users through public communications networks or internet by means of information gathering, development, processing and the construction of the information platform.” Moreover, information services continue to be classified as a category of VATS and are clarified to include information release and delivery services, information search and query services, information community platform services, information real-time interactive services, and information protection and processing services under this Catalog.

The Administrative Measures on Internet Information Services, promulgated by the PRC State Council and as last amended on December 6, 2024 and effective on January 20, 2025, sets forth more specific rules on the provision of internet information services. According to these measures, any company that engages in the provision of commercial internet information services must obtain a sub-category VATS License for Internet Information Services, or the ICP License, from the government authorities before providing any commercial internet information services within the PRC. Pursuant to the above-mentioned regulations, "commercial internet information services" generally refer to provision of specific information content, online advertising, web page construction and other online application services through the internet for profit making purpose.

In addition to the Telecommunications Regulations and the other regulations discussed above, the provision of commercial internet information services on mobile internet apps is regulated by the Administrative Provisions on Mobile Internet Applications Information Services, which was promulgated by the Cyberspace Administration of China on June 14, 2022 and effective on August 1, 2022. The providers of mobile internet applications are subject to requirements under these provisions, including acquiring the qualifications and complying with other requirements provided by laws and regulations and being responsible for information security.

On July 21, 2023, the Ministry of Industry and Information Technology issued a Notice on the Filing of Mobile Internet Apps, according to which, app operators shall complete the apps filing with the Ministry of Industry and Information Technology's provincial level counterparts where it is domiciled through the National Management System for the Basic Internet Resources.

Regulation Relating to Online Transmission of Audio-Visual Programs

To regulate the provision of audio-visual program services to the public via the internet, including through mobile networks, within the territory of the PRC, the State Administration of Press Publication Radio Film and Television, or the SAPPRFT (currently known as National Radio and Television Administration), and the Ministry of Industry and Information Technology jointly promulgated the Administrative Provisions on Internet Audio-Visual Program Service, or the Audio-Visual Program Provisions, on December 20, 2007, which was last amended on August 28, 2015. Under the Audio-Visual Program Provisions, "internet audio-visual program services" is defined as activities of producing, redacting and integrating audio-visual programs, providing them to the general public via the internet, and providing service for other people to upload and transmit audio-visual programs, and providers of internet audio-visual program services are required to obtain a License for Online Transmission of Audio-Visual Programs issued by the SAPPRFT, or complete certain registration procedures with the SAPPRFT. In general, providers of internet audio-visual program services must be either state-owned or state-controlled entities, and the business to be carried out by such providers must satisfy the overall planning and guidance catalog for internet audio-visual program service determined by the SAPPRFT.

On March 10, 2017, the SAPPRFT issued the Provisional Implementation of the Tentative Categories of Internet Audio-Visual Program Services, or the Categories, which revised the previous version issued on March 17, 2010. According to the Categories, there are four categories of internet audio and video programs services which are further divided into seventeen sub-categories. The third sub-category to the second category covers the making and editing of certain specialized audio-visual programs concerning, among other things, educational content, and broadcasting such content to the general public online.

Regulation Relating to Production and Distribution of Radio and Television Programs

The Administrative Measures on the Production and Operation of Radio and Television Programs, which was most recently amended on June 3, 2025, or the Radio and TV Programs Measures, promulgated by the SAPPRFT are applicable for establishing institutions that produce and distribute radio and television programs or for the production of radio and television programs like programs with a special topic, column programs, variety shows, animated cartoons, radio plays and television dramas and for activities like transactions and agency transactions of program copyrights. Pursuant to the Radio and TV Programs Measures, any entity that intends to produce or operate radio or television programs must first obtain the Permit for Production and Operation of Radio and TV Programs from the SAPPRFT or its local branches.

Regulation Relating to Online Publishing

On February 4, 2016, the State Administration of Press, Publication, Radio, Film and Television, or the SAPPRFT (currently reformed into the State Administration of Press and Publication (National Copyright Bureau) under the Propaganda Department of the Central Committee of the Communist Party of China) and the Ministry

of Industry and Information Technology jointly issued the Administrative Provisions on Online Publishing Services, which came into effect on March 10, 2016. Under these provisions, any entity providing online publishing services shall obtain an Online Publishing Services Permit. “Online publishing services” refer to the provision of online publications to the public through information networks; and “online publications” refer to digital works with publishing features such as having been edited, produced or processed and are available to the public through information networks, including: (i) written works, pictures, maps, games, cartoons, audio/video reading materials and other original digital works containing useful knowledge or ideas in the field of literature, art, science or other fields; (ii) digital works of which the content is identical to that of any published book, newspaper, periodical, audio/video product, electronic publication or the like; (iii) network literature databases or other digital works, derived from any of the aforesaid works by selection, arrangement, collection or other means; and (iv) other types of digital works as may be determined by the SAPPRFT.

Regulation Relating to Internet Information Security and Privacy Protection

The PRC Constitution states that the PRC laws protect the freedom and privacy of communications of citizens and prohibit infringement of such rights. PRC governmental authorities have enacted laws and regulations on internet information security and protection of personal information from any abuse or unauthorized disclosure. The Decisions on Maintaining Internet Security which was enacted by the Standing Committee of the National People’s Congress on December 28, 2000 and amended on August 27, 2009, may subject violators to criminal punishment in the PRC for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. The Ministry of Public Security has promulgated measures that prohibit use of the internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilizing content. If an information service provider violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating license and shut down its websites.

Pursuant to the Notice of the Supreme People’s Court, the Supreme People’s Procuratorate and the Ministry of Public Security on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens, issued on April 23, 2013, and the Interpretation of the Supreme People’s Court and the Supreme People’s Procuratorate on Several Issues regarding Legal Application in Criminal Cases Infringing upon the Personal Information of Citizens, which was issued on May 8, 2017 and took effect on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen’s personal information: (i) providing a citizen’s personal information to specified persons or releasing a citizen’s personal information online or through other methods in violation of national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen’s consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen’s personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen’s personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations.

Pursuant to the Ninth Amendment to the Criminal Law issued by the Standing Committee of the National People’s Congress on August 29, 2015, which became effective on November 1, 2015, any person or entity that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders is subject to criminal penalty for the result of (i) any dissemination of illegal information in large scale; (ii) any severe effect due to the leakage of the client’s information; (iii) any serious loss of criminal evidence; or (iv) other severe situation, and any individual or entity that (x) sells or provides personal information to others in a way violating the applicable law, or (y) steals or illegally obtain any personal information is subject to criminal penalty in severe situation.

Pursuant to the PRC Cyber Security Law issued by the Standing Committee of the National People’s Congress on November 7, 2016, effective as of June 1, 2017, “personal information” refers to all kinds of information recorded by electronic or otherwise that can be used to independently identify or be combined with other information to identify individuals’ personal information, including but not limited to: individuals’ names, dates of birth, ID numbers, biologically identified personal information, addresses and telephone numbers, etc. The PRC Cyber Security Law also provides that: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose roles of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; and (iii) network operators shall not divulge, tamper with or damage the

personal information they have collected, and shall not provide the personal information to others without the consent of the persons whose data is collected. However, if the information has been processed and cannot be recovered and thus it is impossible to match such information with specific persons, such circumstance is an exception. On October 28,2025, the SCNPC made amendments to the PRC Cyber Security Law, which became effective on January 1, 2026. The amended PRC Cyber Security Law refines the penalty standards for different types of cybersecurity violations and significantly raises the fine for certain violation.

In addition, the Office of the Central Cyberspace Affairs Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, and the State Administration for Market Regulation jointly issued an Announcement of Launching Special Crackdown Against Illegal Collection and Use of Personal Information by Apps on January 23, 2019 to implement special rectification works against mobile Apps that collect and use personal information in violation of applicable laws and regulations, where business operators are prohibited from collecting personal information irrelevant to their services, or forcing users to give authorization in a disguised manner. On November 28, 2019, the National Internet Information Office, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration for Market Regulation further jointly issued a notice to classify and identify illegal collection and use of personal information.

On August 22, 2019, the Office of the Central Cyberspace Affairs Commission issued the Provisions on the Cyber Protection of Children's Personal Information, which took effect on October 1, 2019. The Provisions on the Cyber Protection of Children's Personal Information apply to the collection, storage, use, transfer and disclosure of the personal information of children under the age of 14 via the internet. The Provisions on the Cyber Protection of Children's Personal Information require that network operators shall establish special rules and user agreements for protection of personal information for children under the age of 14, inform their guardians in a noticeable and clear manner, and shall obtain the consent of their guardians. When obtaining the consent of their guardians, network operators shall explicitly disclose several matters, including, without limitation, the purpose, method and scope of collection, storage, use, transfer and disclosure of such personal information, and methods for correcting and deleting such personal information. Provisions on the Cyber Protection of Children's Personal Information also require that when collecting, storing, using, transferring and disclosing such personal information, network operators shall comply with certain regulatory requirements, including, without limitation, that network operators shall designate specific personnel to take charge of the protection of such personal information and shall strictly grant information access authorization for their staff to such personal information under the principle of minimal authorization.

Pursuant to the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications, which was promulgated by the Cyberspace Administration of China, the Ministry of Industry and Information Technology and certain other government authorities on March 12, 2021 to be effective on May 1, 2021, "necessary personal information" refers to the personal information necessary for ensuring the normal operation of an app's basic functional services, without which the app cannot achieve its basic functional services. For learning and education app, the basic functional services are "online tutoring, online classes, etc." and the necessary personal information is mobile phone numbers of registered users.

The PRC Data Security Law, which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and took effect on September 1, 2021, requires data processing (which includes the collection, storage, use, processing, transmission, provision, publication of data, etc.) to be conducted in a legitimate and proper manner. The PRC Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data activities. The PRC Data Security Law also introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it shall cause to national security, public interests, or legitimate rights and interests of individuals or organizations if such data are tampered with, destroyed, leaked, illegally acquired or illegally used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data is required to designate the personnel and the management body responsible for data security, carry out risk assessments of its data processing activities and file the risk assessment reports with the competent authorities. Moreover, the PRC Data Security Law provides a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information. No entity or individual within the territory of the PRC may provide foreign judicial or law enforcement authorities with the data stored within the territory of the PRC without the approval of the competent PRC authorities.

On August 20, 2021, the Standing Committee of the National Peoples' Congress issued the Personal Information Protection Law, which became effective on November 1, 2021. The Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. Personal information refers to any recorded information related to identified or identifiable natural persons, though it excludes anonymized information. The Personal Information Protection Law also specified the rules for handling sensitive personal information, which includes biometrics, religious beliefs, specific identities, medical health, financial accounts, trails and locations, and personal information of teenagers under fourteen years old and other personal information, which, upon leakage or illegal usage, may easily infringe the personal dignity or harm of safety of livelihood and property. Personal information handlers shall bear responsibility for their personal information handling activities, and adopt necessary measures to safeguard the security of the personal information they handle. Otherwise, the personal information handlers will be ordered for rectification or suspension or termination of provision of services, confiscation of illegal income, subject to fines or other penalties.

On January 4, 2022, the Cyberspace Administration of China issued the Revised Measures for Cybersecurity Review, which became effective on February 15, 2022. The Revised Cybersecurity Review Measures provide that a critical information infrastructure operator, that purchases network products and services, and platform operators carrying out data processing activities which affect or may affect national security, shall apply for cybersecurity review and that a platform operator with more than one million users' personal information aiming to list abroad must apply for cybersecurity review.

On July 30, 2021, the State Council promulgated the Regulations on Protection of Critical Information Infrastructure, which went into effect on September 1, 2021. Under these regulations, critical information infrastructure means important network facilities and information systems in important industries, such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government, defense technology industry and others that may seriously harm national security, the national economy, people's livelihood and public interests if damaged, disabled or whose data disclosed. Critical information infrastructure operators shall, based on a leveled system for cybersecurity protection, adopt technical protection measures and other necessary measures to deal with cybersecurity security events, defend against cyberattacks and criminal activities in order to ensure their safe and stable operations as well as maintain the integrity, confidentiality, and availability of their data pursuant to laws, regulations and the mandatory requirements of national standards. Moreover, the competent supervisory departments of the relevant important industries abovementioned shall organize the recognition of the critical information infrastructure operator and promptly notify the operators and Public Security Department of The State Council of the results of the identification.

According to the Civil Code of China, which has taken effect on January 1, 2021, a natural person has the right of privacy and the personal information of a natural person will be protected in accordance with law. Information processors may not divulge or tamper with the personal information collected or stored by them and may not illegally provide any natural person's personal information to others without the consent of such natural person.

The State Administration for Market Regulation promulgated the Measures for the Supervision and Administration of Online Transactions, and revised on March 18, 2025 which became effective from May 1, 2025. The measures require that online transaction operators shall not force customers, whether or not in a disguised manner, to consent to the collection and use of information not directly related to their business activities by means of one-off general authorization, default authorization, bundling with other authorizations, or the suspension of installation and use. Otherwise, such online transaction operator may be subject to fines and consequences under related laws and regulations, including without limitation suspension of business for rectification and revocation of permits and licenses.

On January 4, 2022, the Cyberspace Administration of China published the Administrative Provisions on Internet Information Service Algorithm Recommendation on its website, which became effective on March 1, 2022 and introduce certain new compliance requirements for internet information service providers that use algorithm recommendation technology. Specifically, the provisions require that such service providers shall provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services.

On July 7, 2022, the Cyberspace Administration of China promulgated the Security Assessment Measures for Outbound Data Transfer, or the Outbound Data Transfer Measures, which became effective on September 1, 2022. The Outbound Data Transfer Measures provide that a data processor providing data abroad in the following situations shall report security assessment for its outbound data transfer to the Cyberspace Administration of China: (i) a data processor provides important data abroad; (ii) a critical information infrastructure operator or a data processor processing the personal information of more than one million individuals provides personal information abroad; (iii) a data processor, who has cumulatively provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals abroad since January 1 of the previous year, provides personal information abroad; and (iv) other circumstances prescribed by the Cyberspace Administration of China for which report for security assessment for outbound data transfers is required.

On March 22, 2024, the Cyberspace Administration of China published the Provisions on Promoting and Regulating Cross-bound Data Flows, which streamline and provide clarity to the governance framework for outbound data transfer. According to this Provisions, the data processors shall identify and declare important data in accordance with relevant provisions. If the data have not been informed or publicly announced as important data by relevant authorities or region, data processors are not required to report security assessment for its outbound data transfer as important data. This Provisions also establish specific exemptions for the outbound data transfer. For instance, data collected and generated in international trade, transnational transportation, academic cooperation, global manufacturing and marketing, which does not contain personal information or important data, is now exempted from compliance requirement of outbound data transfer, such as, security assessment for outbound data transfer, the execution of standard contracts for outbound personal information transfer, or the authentication process for personal information protection. Furthermore, this provision also focuses on important data and personal information. In addition, Pilot Free Trade Zones are granted to formulate data negative lists at their own discretion, where data processors may provide overseas parties with any data not included in the negative list without security assessment.

On October 16, 2023, the Cyberspace Administration of China promulgated the Regulation on the Cyber Protection of Minors which took effect as of January 1, 2024. This Regulation further improve the regulatory requirements relating to minor's cyber protection on the basis of the Personal Information Protection Law, pursuant to which (i) once locating minors' private information or minors' personal information released through the Internet containing private information, network service providers shall prompt and take necessary protective measures such as stopping the transmission to prevent the information from spreading; (ii) the staff of personal information processor shall be approved by the responsible person or his/her authorized management personnel before accessing minors' personal information, record the access situation, and take technical measures to avoid illegal processing of the personal information of minors; (iii) the guardians of minors can request to exercise the right to inspect, copy, correct, supplement or delete the personal information of minors. Moreover, this Regulation requires network product and service providers to establish and improve obsession prevention systems, reasonably restrict minors' online consumption behavior, and prevent and counteract undesirable value tendencies.

On December 26, 2025, eight regulatory authorities including the Cyberspace Administration of China jointly issued the Measures for the Classification of Network Information That May Affect the Physical and Mental Health of Minors, or the Classification Measures, which took effect on March 1, 2026. The Classification Measures categorize network information that may impair minors' physical and mental health into specified types, clarify relevant identification standards and content labeling obligations, and require providers of online products and services to prominently mark such information with text prompts or universal symbols. The Classification Measures also prohibit any person or entity shall produce, reproduce, publish or disseminate such information in online products and services exclusively targeting minors, or prohibit providers of online products and services to display any information that may affect minor's physical and mental health in prominent sections such as homepage, top screen, pop-ups, hot search, rankings, recommendations and featured sections. Providers offering algorithmic recommendation or generative AI services shall implement appropriate security management systems and technical measures and shall not deliver such information to minors.

On September 24, 2024, the State Council promulgated the Regulations on the Management of Network Data Security, or the Network Data Regulation, which came into effect on January 1, 2025. The Network Data Regulation serves as a comprehensive implementing regulation for the compliance requirements set out by the Cybersecurity Law, Data Security Law, and Personal Information Protection Law. The Network Data Regulation introduces several key obligations, including requiring network data handlers to specify the purpose and method of personal information processing, as well as the types of personal information involved, before any personal information is handled. It clarifies definitions for important data, outlines the obligations of those handling

important data, and establishes broader contractual requirements for data sharing between data handlers. It remains to be seen how this regulation will be interpreted and implemented, and to what extent it will affect our operations.

On February 14, 2025, the CAC promulgated the Measures for the Administration of Personal Information Protection Compliance Audits, or the Personal Information Protection Audits Measures, which became effective on May 1, 2025. The Personal Information Protection Audits Measures require personal information processors that conduct their own compliance audits for personal information protection must ensure that either their internal compliance teams or designated external professional organizations perform periodic audits to assess adherence to applicable laws and administrative regulations governing personal information processing. The regulations provide that a personal information processor processing personal information of over 10 million individuals to conduct a compliance audit for personal information protection at least once every two years. Moreover, the CAC and other relevant authorities responsible for personal information protection may mandate that personal information processors engage external professional organizations to conduct compliance audits of their personal information processing activities: (i) when personal information significant risks are identified in personal information processing activities that could severely impact individual rights or indicate a serious lack of security measures; (ii) when processing activities may infringe upon the rights of numerous individuals; or (iii) in the event of a personal information security incident that results in the leakage, alteration, loss, or destruction of personal information of more than one million individuals, or sensitive personal information of over 100,000 individuals. In furtherance of the foregoing, the general office of CAC published the Notice on Reporting Personal Information Protection Compliance Audits Concerning Minors on December 29, 2025, according to which, personal information processors handling minors' personal information shall submit compliance audit for minors' personal information protection for the previous year by the end of January each year.

On March 21, 2025, the CAC issued the Measures on Safety Management of Facial Recognition Technology Application, or the Measures, effective on June 1, 2025. The "facial recognition technology" regulated in the Measures refers to the individual biometric recognition technology that identifies an individual based on its facial information. The Measure establishes basic requirements and processing rules for the use of facial recognition technology to process the facial information of individuals. According to the Measures, the use of facial recognition technology to process facial information should have a specific purpose and sufficient necessity. Furthermore, the personal information processors shall complete a filing procedure with competent cyberspace department within 30 working days once the number of stored facial information handled with application of facial recognition technology reaches 100,000 persons.

Regulation Relating to Generative AI

Prior to 2022, the provisions on the generative AI technology are stipulated in the regulations and rules about internet information services dispersedly. For example, according to the Provisions on the Management of Network Information Content Ecology issued by the Cyberspace Administration of China at the end of 2019, a network information content service platform must not, among others, utilize new technologies such as deep-learning and virtual reality to engage in activities prohibited by laws and regulations. According to the Administrative Provisions on Online Audio-visual Information Services jointly issued by the Cyberspace Administration of China, the Ministry of Culture and Tourism and the NRTA on November 18, 2019, the production, release and dissemination of any unauthentic audio-visual information by use of any new applications and technologies bases on deep learning and virtual reality must be labeled in a prominent manner by the online audio-visual information service providers and users. Furthermore, any online audio-visual information service providers and users should not produce, release or disseminate false news by use of new applications and technologies based on deep learning and virtual reality.

Since the end of 2021, the PRC government authorities specially promulgated certain laws to regulate the algorithmic recommendation and deep synthesis technology which are closely related to the generative AI technology. On December 31, 2021, the Cyberspace Administration of China, the Ministry of Industry and Information Technology, the Ministry of Public Security and the State Administration for Market Regulation jointly issued the Administration Provisions on Algorithmic Recommendation of Internet Information Services, which became effective on March 1, 2022. These provisions stipulates that algorithmic recommendation service providers must (i) fulfill their responsibilities for algorithm security, (ii) establish and strengthen management systems for algorithm mechanism examination, ethical review in technology, user registration, information release examination, protection of data security and personal information, anti-telecom and network fraud, security assessment and monitoring, emergency response to security incidents, etc., and (iii) formulate and publish rules governing algorithmic recommendation related service. Besides, it should not take advantage of algorithms to impose unreasonable restrictions on other information service providers, or hinder or obstruct the normal operation

of their legal services. The providers of algorithmic recommendation services with the characteristics of public opinion or capacity of social mobilization must complete the filing with the Cyberspace Administration of China's filing system within ten business days after the launch of its service.

On November 25, 2022, the Cyberspace Administration of China, the Ministry of Industry and Information Technology and Ministry of Public Security jointly issued the Administrative Provisions on Deep Synthesis of Internet Information Services, which took effect on January 10, 2023. According to these provisions, deep synthesis technology refers to any technology that utilizes deep learning, virtual reality or any other generative or synthetic algorithm to produce text, images, audio, video, virtual scenes or other network information. If the Cyberspace Administration of China and other competent government authorities find that the deep synthesis service has a serious information security risk, they can require the deep synthesis service providers and technical supporters to suspend information update, user account registration or other related services in accordance with their duties and applicable laws. Deep synthesis service providers with the characteristics of public opinion or capacity of social mobilization shall complete the filing in accordance with the Administration Provisions on Algorithmic Recommendation of Internet Information Services.

On July 10, 2023, the Cyberspace Administration of China published the Provisional Administrative Measures for Generative Artificial Intelligence Services, or the Generative AI Services Measures, "generative AI technology" refers to models and related technology with the ability to generate text, images, audios, videos, or other content, and "generative AI service provider" refers to any organization or individual that utilizes generative AI technology to provide generative AI services. Generative AI service providers shall assume the responsibility as a producer of online information content and personal information processor in accordance with applicable laws, fulfill online information security obligations, enter into service agreements with the users, and label images, videos, and other contents generated by use of generative AI technology pursuant to the Administrative Provisions on Deep Synthesis of Internet Information Services. Any generative AI service provider with the characteristics of public opinion or capacity of social mobilization shall conduct security assessment, and complete the filing procedures in accordance with these provisions.

On September 7, 2023, the PRC Ministry of Science and Technology and other nine PRC government authorities jointly issued the Measures for Science and Technology Ethics Reviews (for Trial Implementation). According to these measures, organizations conducting life sciences, medicine, artificial intelligence or other science and technology activities, of which the research content involves sensitive areas of science and technology ethics, shall establish a science and technology ethics review committee, and the research and development of algorithm models, applications, and systems with the capability to mobilize public opinions and guide social consciousness shall be subject to the ethics review. Moreover, as one of the key contents of the ethics review, with respect to the science and technology activities involving data and algorithms, (i) the data collection, storage, processing, use and other data handling activities, as well as the research and development of new data technologies, shall comply with national data security and personal information protection laws and regulations, and there should be proper data security risk monitoring and contingency plans; and (ii) the design, implementation and application of algorithms, models and systems shall adhere to the principles of fairness, equity, transparency, reliability and controllability, and comply with national requirements.

On March 7, 2025, the CAC released the Measures for Labeling Artificial Intelligence Generated Synthetic Contents, effective on September 1, 2025, which establishes requirements for network information service providers regarding the labeling of AI-generated synthetic content. Such content includes, but not limited to, the AI-generated texts, voices, videos, images or virtual scenes. Under these rules and regulations, all AI-generated synthetic content which may cause confusion or misidentification of the public must feature explicit labels to inform users that the content is AI-generated. For example, the text prompts, general symbol prompts or other explicit labels shall be added at the beginning, end or middle of the AI-generated texts to signify that the content contains AI-generated material. In addition, network information service providers shall feature implicit labels to the metadata of AI-generated content. Implicit labels shall include the attributes of the generated synthetic contents, the name or code of the service provider, content serial number and other production element information. The network information service providers are encouraged to use implicit labels in the form of digital watermark and other forms in the AI-generated synthetic contents.

Regulation Relating to Publishing

Under the Administrative Provisions on the Publications Market, which was jointly promulgated by the SAPPRFT and the Ministry of Commerce on May 31, 2016 and became effective on June 1, 2016, any enterprise or individual who engages in publishing activities shall obtain a publishing license from SAPPRFT or its local

counterpart. Without licensing, such entity or individual may be ordered to cease illegal acts by the competent administrative department of publication and be concurrently subject to fines.

Regulation Relating to Advertising and Promotion

The principal regulations governing advertising businesses in mainland China are the PRC Advertising Law, as last amended on April 29, 2021, and the Advertising Administrative Regulations issued on October 26, 1987. These laws, rules and regulations require companies that engage in advertising activities to obtain a business license that explicitly includes advertising in the business scope from the State Administration for Market Regulation or its local branches.

Applicable PRC advertising laws, rules and regulations contain certain prohibitions on the content of advertisements in mainland China (including prohibitions on misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest). Education and/or training advertisements shall not contain the following content: (i) explicit or implicit guarantee for successful enrolment to a higher grade, passing of examination, obtaining of degree qualification or passing certificate, or the effect of education or training; (ii) explicit or implicit expression of participation by the relevant examination body or its personnel, personnel setting examination questions in the education or training; and (iii) recommendation and/or endorsement by scientific research institutes, academic institutions, educational organizations, industry associations, professionals or beneficiaries using their name or image.

Advertisers, advertising operators and advertising distributors are required by applicable PRC advertising laws, rules and regulations to ensure that the content of the advertisements they prepare or distribute is true and in compliance with applicable laws, rules and regulations. Violation of these laws, rules and regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. In circumstances involving serious violations, the State Administration for Market Regulation or its local branches may revoke the violator’s license or permit for advertising business operations. In addition, advertisers, advertising operators or advertising distributors may be subject to civil liability if they infringe the legal rights and interests of third parties, such as infringement of intellectual proprietary rights, unauthorized use of a name or portrait and defamation.

In addition, the Anti-Unfair Competition Law promulgated by the Standing Committee of the National People’s Congress, last amended on June 27, 2025 and took into effect on October 15, 2025, requires that business operators shall not make false or misleading commercial promotion for the performance, functions, quality, sales, user evaluation, accolades, etc. as to defraud or mislead customers. Besides, Anti-Unfair Competition Law prohibits business operators from abusing platform rules, directly or indirectly instruct others to carry out false transactions, false evaluations or malicious refunds against other business operators, thereby infringing upon the legitimate rights and interests of other business operators and disrupting the market competition order.

Regulation Relating to Intellectual Property Rights

Copyright and Software Registration

The Standing Committee of the National People’s Congress promulgated the PRC Copyright Law in 1990 and last revised it on November 11, 2020 with the amendments becoming effective on June 1, 2021. The amended Copyright Law extends copyright protection to internet activities, products disseminated over the internet, software products, audio-visual works and any other intellectual achievements which comply with the characteristics of the works. In addition, there is a voluntary registration system administered by the China Copyright Protection Center. To address the problem of copyright infringement related to the content posted or transmitted over the internet, the National Copyright Administration, and the Ministry of Industry and Information Technology jointly promulgated the Measures for Administrative Protection of Copyright Related to Internet on April 29, 2005, which became effective on May 30, 2005.

On December 20, 2001, the State Council promulgated the Computer Software Protection Regulations which came into effect on January 1, 2002 and was last amended on January 30, 2013. These regulations are formulated for protecting the rights and interests of computer software copyright owners, encouraging the development and application of computer software and promoting the development of software business. In order to further implement the Computer Software Protection Regulations, the National Copyright Administration issued the Computer Software Copyright Registration Procedures on February 20, 2002, as amended on May 19,

2004, which applies to software copyright registration, license contract registration and transfer contract registration.

Patents

The Standing Committee of the National People's Congress adopted the Patent Law of the PRC in 1984 and last amended on October 17, 2020, which became effective on June 1, 2021. A patentable invention, utility model or design must meet three conditions, namely novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant varieties or methods of nuclear transformation and substances obtained by means of nuclear transformation. The Patent Office under the National Intellectual Property Administration is responsible for receiving, examining and approving patent applications. A patent is valid for a twenty-year term for an invention, a ten-year term for a utility model and a fifteen-year term for a design, all starting from the application date. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, otherwise the use will constitute an infringement of the rights of the patent holder.

Trademark

Trademarks are protected by the PRC Trademark Law, which was adopted in 1982, last revised in April 2019 and became effective in November 2019, as well as its implementation rules adopted in 2002 and revised in 2014. The Trademark Office of National Intellectual Property Administration under the State Administration for Market Regulation handles trademark registrations and grants a protection term of ten years to registered trademarks which may be renewed for consecutive ten-year periods upon request by the trademark owner. The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use. An application for registration of a malicious trademark not for use will be rejected and those who apply for trademark registration maliciously will be given administrative penalties of warnings or fines according to the circumstances; those who file trademark lawsuits maliciously will be punished by the people's court according to applicable laws.

Domain Name

The Administrative Measures on Internet Domain Names, were promulgated by the Ministry of Industry and Information Technology on August 24, 2017, and came into effect on November 1, 2017. According to these measures, any party that has domain name root servers, and the institution for operating domain name root servers, the domain name registry and the domain name registrar within the territory of mainland China, shall obtain a permit for this purpose from the Ministry of Industry and Information Technology or the communications administration of the local province, autonomous region or municipality directly under the Central Government. The registration of domain names is generally on a "first-apply-first-registration" basis and a domain name applicant will become the domain name holder upon the completion of the application procedure.

Under the Civil Code, if an offender intentionally infringes upon the intellectual property rights of others and the circumstance is severe, the infringed party shall have the right to request for the corresponding punitive compensation.

Regulation Relating to Employment, Social Insurance and Housing Fund

Employment

Pursuant to the PRC Labor Law effective from January 1, 1995 and last amended on December 29, 2018 and the PRC Labor Contract Law effective from January 1, 2008 and amended on December 28, 2012, a written labor contract shall be executed by an employer and an employee when the employment relationship is established, and an employer is under an obligation to sign an unlimited-term labor contract with any employee who has worked for the employer for ten consecutive years. Furthermore, if an employee requests or agrees to renew a fixed-term labor contract that has already been entered into twice consecutively, the resulting contract must have an unlimited term, with certain exceptions. All employers must compensate their employees equal to at least the

local minimum wage standards. All employers are required to establish a system for labor safety and sanitation, strictly abide by state roles and standards and provide employees with appropriate workplace safety training. In addition, the PRC government has continued to introduce various new labor-related regulations after the PRC Labor Contract Law. Amongst other things, new annual leave requirements mandate that annual leave ranging from 5 to 15 days is available to nearly all employees and further require that the employer compensate an employee for any annual leave days the employee is unable to take in the amount of three times his daily salary, subject to certain exceptions. Moreover, all PRC enterprises are generally required to implement a standard working time system of eight hours a day and forty hours a week, and if the implementation of such standard working time system is not appropriate due to the nature of the job or the characteristics of business operation, the enterprise may implement a flexible working time system or comprehensive working time system after obtaining approvals from the relevant authorities.

Social Insurance

The Law on Social Insurance of the PRC, which was promulgated on October 28, 2010 and amended on December 29, 2018, has established social insurance systems of basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, and has elaborated in detail the legal obligations and liabilities of employers who do not comply with laws and regulations on social insurance.

According to the Interim Regulations on the Collection and Payment of Social Insurance Premiums, the Regulations on Work Injury Insurance, the Regulations on Unemployment Insurance and the Trial Measures on Employee Maternity Insurance of Enterprises, enterprises in the PRC shall provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. An enterprise must provide social insurance by going through social insurance registration with local social insurance authorities or agencies, and shall pay or withhold relevant social insurance premiums for or on behalf of employees. On July 20, 2018, the General Office of the State Council issued the Plan for Reforming the State and Local Tax Collection and Administration Systems, which stipulated that the State Administration of Taxation is solely responsible for collecting social insurance premiums.

Housing Fund

According to the Administrative Regulations on Housing Fund, which was promulgated on April 3, 1999 and last amended on March 24, 2019, housing fund paid and deposited both by employee themselves and their unit employer shall be owned by the employees. An employer should undertake registration of payment and deposit of the housing fund in the housing fund management center and open a housing fund account on behalf of its employees in a commissioned bank. Employers should timely pay and deposit housing fund contributions in full amount and late or insufficient payments shall be prohibited.

Regulation Relating to Foreign Exchange

Regulation on Foreign Currency Exchange

The principal regulations governing foreign currency exchange in mainland China are the PRC Foreign Exchange Administration Regulations, which were promulgated by the State Council on January 29, 1996 and last amended on August 5, 2008. Under these regulations, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside mainland China, unless prior approval of SAFE or its local counterparts has been obtained.

On March 30, 2015, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19, which became effective on June 1, 2015 and was amended on December 30, 2019. According to SAFE Circular 19, the foreign exchange capital of foreign invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign invested enterprise. The proportion of Discretionary Foreign Exchange Settlement of the foreign exchange capital of a foreign invested enterprise is temporarily set at 100%. The Renminbi converted from the foreign exchange capital will be kept in a designated account and if a foreign invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, SAFE Circular

19 stipulates that the use of capital by foreign invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign invested enterprise and capital in Renminbi obtained by the foreign invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scope of the enterprises or payments as prohibited by laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the laws and regulations; (iii) directly or indirectly used for issuance of RMB entrusted loans, repayment of inter-enterprise loans (including advances by the third party) or repayment of bank loans that have been transferred to a third party; or (iv) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

Pursuant to the Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. SAFE Circular 16 provides a unified standard for the conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on a self-discretionary basis which applies to all enterprises registered in the PRC. SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC Laws, while such converted Renminbi shall not be provided as loans to its non-associated enterprises.

The Notice for Further Advancing the Facilitation of Cross-border Trade and Investment, allows all foreign-invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments in mainland China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment.

Regulation on Foreign Debt

A loan made by a foreign entity as direct or indirect shareholder in a foreign invested enterprise is considered to be foreign debt in mainland China and is regulated by various laws and regulations, including the Regulation of the People's Republic of China on Foreign Exchange Administration, the Interim Provisions on the Management of Foreign Debts, the Statistical Monitoring of Foreign Debts Tentative Provisions and the Administrative Measures for Registration of Foreign Debts. Under these rules and regulations, a shareholder loan in the form of foreign debt made to a PRC entity does not require the prior approval of SAFE. However, such foreign debt must be registered with and recorded by SAFE or its local branches within 15 business days after entering into the foreign debt contract. Pursuant to these rules and regulations, the maximum amount of the aggregate of (i) the outstanding balance of foreign debts with a term not longer than one year, and (ii) the accumulated amount of foreign debts with a term longer than one year, of a foreign invested enterprise shall not exceed the difference between its registered total investment and its registered capital, or Total Investment and Registered Capital Balance.

On January 12, 2017, the People's Bank of China promulgated the Notice of the People's Bank of China on Full-coverage Macro-prudent Management of Cross-border Financing. The People's Bank of China established a cross-broader financing regulation system based on the capital or net assets of the micro main body under macro prudential rules, and the legal entities and financial institutions established in mainland China including the branches of foreign banks registered in mainland China but excluding government financing vehicles and real estate enterprise, may carry out cross-border financing of foreign currency in accordance with regulations of such system. The Notice provides that, among other things, the outstanding amount of the foreign currency for the entities in cross-border financing shall be limited to the Upper Limit of the Risk Weighted Balance of such entity, which shall be calculated according to the formula provided in the Notice. The Notice also provides that during the one-year period starting from January 12, 2017, foreign-invested enterprises may choose one method to carry out cross-broader financing in foreign currency either according to the Notice or according to the Interim Provisions on the Management of Foreign Debts. After the end of such one-year period, the method of foreign-invested enterprises to carry out cross-broader financing in foreign currency will be determined by PBOC and SAFE.

On January 5, 2023, the National Development and Reform Commission promulgated the Administrative Measures for the Review and Registration of Medium and Long-Term Foreign Debts of Enterprises, which became effective on February 10, 2023. Pursuant to these measures, PRC enterprises are not allowed to raise medium and long-term foreign debts unless and until they have completed the review and registration process and obtained the review and registration certificate issued by the National Development and Reform Commission. Also, these measures require PRC enterprises to register with the National Development and Reform Commission prior to making a material amendment to a medium and long-term foreign debts transaction and to submit related

information to the National Development and Reform Commission within 10 business days after each drawdown of the medium and long-term foreign debts.

Regulation on Foreign Exchange Registration of Overseas Investment by PRC Residents

SAFE issued the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37, to regulate foreign exchange matters in relation to the use of special purpose vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in mainland China. Under SAFE Circular 37, a SPV refers to an offshore entity established or controlled, directly or indirectly, by PRC residents (including individuals and entities) for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests, while "round trip investment" refers to direct investment in mainland China by PRC residents through SPVs, namely, establishing foreign invested enterprises to obtain the ownership, control rights and management rights. The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by PRC residents in the offshore special purpose vehicles by means of acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular 37 provides that, before malting contribution into an SPV, PRC residents are required to complete foreign exchange registration with SAFE or its local branch. SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, which provides that applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under SAFE Circular 37, will be filed with qualified banks instead of SAFE.

An amendment to the registration is required if there is a material change with respect to the SPV registered, such as any change of basic information (including change of the PRC residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, and mergers or divisions. Failure to comply with the registration procedures set forth in SAFE Circular 37 and the subsequent notice, or making misrepresentation on or failure to disclose controllers of the foreign invested enterprise that is established through round-trip investment, may result in restrictions being imposed on the foreign exchange activities of the relevant foreign invested enterprise, including payment of dividends and other distributions, such as proceeds from any reduction in capital, share transfer or liquidation, to its offshore parent or affiliate, and the capital inflow from the offshore parent, and may also subject relevant PRC residents or entities to penalties under the PRC Foreign Exchange Administration Regulations.

Regulation on Stock Incentive Plans

SAFE promulgated the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plans of Companies Listed Overseas on February 15, 2012, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, PRC citizens and non-PRC citizens who reside in mainland China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas-listed company, and complete certain other procedures, unless certain exceptions are available. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

In addition, the State Administration of Taxation has issued certain circulars concerning employee share options or restricted shares. Under these circulars, the employees working in mainland China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of such overseas-listed company have obligations to file documents related to employee share options or restricted shares with competent tax authorities and to withhold individual income taxes of those employees who exercise their share options. If the employees fail to pay or the PRC subsidiaries fail to withhold their income taxes according to laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

Regulation Relating to Taxation

Enterprise Income Tax

On March 16, 2007, the National People's Congress enacted the Enterprise Income Tax Law, which was last amended on December 29, 2018, and on December 6, 2007, the State Council promulgated the Implementing Rules of the Enterprise Income Tax Law, which became effective on January 1, 2008 and was last amended on December 6, 2024 and effective on January 20, 2025, (or collectively, the PRC EIT Law). The PRC EIT Law applies a uniform 25% enterprise income tax rate to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. Enterprises qualifying as "High and New Technology Enterprises" are entitled to a preferential 15% enterprise income tax rate rather than the 25% statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its "High and New Technology Enterprise" status.

Under the PRC EIT Law, an enterprise established outside mainland China with its "de facto management body" located in mainland China is considered a "resident enterprise," which means it can be treated as a domestic enterprise for enterprise income tax purposes. A non-resident enterprise that does not have an establishment or place of business in mainland China, or has an establishment or place of business in mainland China but the income of which has no actual relationship with such establishment or place of business, shall pay enterprise income tax on its income deriving from inside mainland China at the reduced rate of enterprise income tax of 10% and such income tax shall be subject to withholding at the source, where the payer shall act as the withholding agent. Dividends generated after January 1, 2008 and payable by a foreign invested enterprise in mainland China to its foreign enterprise investors are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with mainland China that provides for a preferential withholding arrangement.

The Notice on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management, or the SAT Circular 82, provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in mainland China. According to the SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in mainland China, and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

Pursuant to the Arrangement between mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate in respect to the payment of dividends by a mainland China enterprise to a Hong Kong enterprise may be reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the mainland China enterprise and certain other conditions are satisfied. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, a Hong Kong resident enterprise must meet the following conditions, among others, in order to apply the reduced withholding tax rate: (i) it must be a company; (ii) it must directly own the required percentage of equity interests and voting rights in the mainland China resident enterprise; and (iii) it must have directly owned such required percentage in the mainland China resident enterprise throughout the 12 months prior to receiving the dividends.

On February 3, 2015, the State Administration of Taxation issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers or Assets by Non-PRC Resident Enterprises, or SAT Bulletin 7, which extends its tax jurisdiction to transactions involving the transfer of taxable assets through offshore transfer of a foreign intermediate holding company. Pursuant to SAT Bulletin 7, where a non-resident enterprise indirectly transfers properties such as equity in PRC resident enterprises without any justifiable business purposes and aiming to avoid the payment of enterprise income tax, such indirect transfer must be reclassified as a direct transfer of equity in PRC resident enterprise. To assess whether an indirect transfer of PRC taxable properties has reasonable commercial purposes, all arrangements related to the indirect transfer must be considered comprehensively and factors set forth in SAT Bulletin 7 must be comprehensively analyzed in light of the actual circumstances. In addition, SAT Bulletin 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity securities through a public securities market.

On October 17, 2017, the State Administration of Taxation issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

Value-Added Tax

Pursuant to the Provisional Regulations on PRC Value-added Tax and its implementation regulations, unless otherwise specified by laws and regulations, any entity or individual engaged in the sales of goods, provision of processing, repairs and replacement services and importation of goods into mainland China is generally required to pay a value-added tax, or VAT, for revenues generated from sales of products, while qualified input VAT paid on taxable purchase can be offset against such output VAT.

Regulation Relating to M&A and Overseas Listings

On August 8, 2006, six PRC regulatory agencies, including the Ministry of Commerce, the State-Owned Assets Supervision and Administration Commission, the SAT, the State Administration for Market Regulation, the CSRC, and SAFE jointly issued the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. The M&A Rules requires in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise where any of the following situations exist: (i) the transaction involves an important industry in China, (ii) the transaction may affect national economic security, or (iii) the PRC domestic enterprise has a well-known trademark or historical Chinese trade name in China. The M&A Rules, among other things, also require that (i) PRC entities or individuals obtain the Ministry of Commerce approval before they establish or control an SPV overseas, provided that they intend to use the SPV to acquire their equity interests in a PRC company at the consideration of newly issued share of the SPV, or Share Swap, and list their equity interests in the PRC company overseas by listing the SPV in an overseas market; (ii) the SPV obtains the Ministry of Commerce's approval before it acquires the equity interests held by the PRC entities or PRC individual in the PRC company by Share Swap; and (iii) the SPV obtains CSRC approval before it lists overseas.

The M&A Rules further requires that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor acquires control of a PRC domestic enterprise or a foreign company with substantial PRC operations, if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, issued by the State Council, are triggered. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds be cleared by the Ministry of Commerce before they can be completed.

The new rules for the filing-based administration of overseas securities offerings and listings by Chinese domestic companies released from February 2023 to May 2024, or New Filing Rules, establish a new filing-based regime to regulate overseas offerings and listings by domestic companies. The New Filing Rules consist of eight sets of rules, including the Trial Administration Measure of Overseas Securities Offerings and Listings by Domestic Companies, or the Overseas Listing Trial Measures, and seven relevant guidelines. According to the New Filing Rules, (i) an overseas offering and listing by a domestic company, whether directly or indirectly, shall be filed with the CSRC; and (ii) the issuer or its affiliated domestic company, as the case may be, shall file with the CSRC for its initial public offering, follow-on offering and other equivalent offering activities. The New Filing Rules also set forth certain regulatory red lines for overseas offerings and listings by domestic enterprises. However, from March 31, 2023, enterprises that have been listed overseas shall constitute existing enterprises and are not required to conduct the overseas listing filing procedure immediately, but shall carry out filing procedures as required if they conduct refinancing or are involved in other circumstances that require filing with the CSRC.

On February 24, 2023, the CSRC, together with the Ministry of Finance, the National Administration of State Secrets Protection, and the National Archives Administration of China, issued the Provisions on Strengthening Confidentiality and Archives Administration of Overseas International Securities Offering and Listing by Domestic Companies, which became effective on March 31, 2023. These provisions reiterate that working papers produced in the PRC by securities companies and securities service providers for direct and indirect international offering and listing by domestic companies, should be retained in mainland China, and, without prior approval by competent authorities of mainland China, such working papers shall not be brought, mailed or otherwise transferred to recipients outside of mainland China. Furthermore, these provisions establish a cross-border regulatory cooperation mechanism as prescribed in the PRC Securities Law and strengthen cross-border regulatory cooperation as prescribed in the New Filing Rules, which shifts the overall direction of

cross-border supervision of international offering and listing from a “dominated by domestic regulators or depend on the conclusions of inspections by domestic regulators” approach to a “cross-border regulatory cooperation” mechanism.

Anti-Monopoly Law

The Anti-Monopoly Law promulgated by the Standing Committee of the National People’s Congress which became effective on August 1, 2008 and was amended in June 2022 and the Provisions on the Review of Concentrations of Undertakings promulgated by the State Administration for Market Regulation on March 10, 2023, which became effective on April 15, 2023 require that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the State Administration for Market Regulation before they can be completed. Where the concentrations do not meet the thresholds but there is evidence that the concentrations have or may have the effect of excluding or restricting competition, the State Administration for Market Regulation is entitled to require an examination of concentration of undertakings. Where the participation in concentration of undertakings by way of foreign-funded merger and acquisition of domestic enterprises or any other method which involves national security, the examination of concentration of undertakings shall be carried out pursuant to the provisions of this Law and examination of national security shall be carried out pursuant to the provisions of the State. Failure to comply with above regulations may result in an order to stop concentration, dispose the shares/assets or transfer the operation within a stipulated period, or adopt other necessary measures to reinstate the pre-concentration status, or fines.

On February 7, 2021, the Anti-Monopoly Commission of the State Council issued the Anti-Monopoly Guidelines for the Internet Platform Economy Sector that aims to specify some of the circumstances under which an activity of internet platforms may be identified as monopolistic as well as to classify that concentrations involving variable interest entities shall also be subject to anti-monopoly review. On March 10, 2023, the State Administration for Market Regulation promulgated the Provisions on Prohibition of Monopoly Agreements and the Provisions on Prohibition of Abuse of Market Dominance, effective on April 15, 2023 which improve the anti-monopoly rules regarding internet platform economy. On December 9, 2025, SAMR amended the Provisions on Prohibition of Monopoly Agreements, which took effect on February 1, 2026. According to these Provisions, undertakings with market dominance shall not abuse market dominant positions, or enter into monopoly agreements with other competing undertakings through intention liaison, exchange of sensitive information, concerted acts by using data, algorithms, technologies and platform rules, etc. Failure to comply with above regulations may result in an order to stop illegal act, confiscate illegal income and fines.

Regulations Relating to Anti Long-Arm Jurisdiction

The Ministry of Commerce issued the Provisions on the List of Unreliable Entities on September 19, 2020. Pursuant to the provisions, a working committee shall decide whether or not to include a foreign entity concerned in the list of unreliable entities and make an announcement on such inclusion based on investigation of following factors: (i) the extent of damage caused to China’s sovereignty, security and development interests; (ii) the extent of the damage to the legitimate rights and interests of Chinese enterprises, other organizations or individuals; (iii) whether or not the international economic and trade rules are followed; and (iv) any other relevant factors. If a foreign entity is included in the list of unreliable entities, the working committee may decide to take one or more of the following measures: (i) restricting or prohibiting the foreign entity from engaging in import or export activities related to China; (ii) restricting or prohibiting the foreign entity’s investment within the territory of China; (iii) restricting or prohibiting the entry of the foreign entity’s relevant personnel or transport vehicles into the territory of China; (iv) restricting or cancelling the work permit, stay or residence qualification of the foreign entity’s relevant personnel in China; (v) imposing a £me corresponding to the seriousness of the case against the foreign entity; or (vi) any other necessary measures.

On January 9, 2021, the Ministry of Commerce promulgated the Rules on Counteracting Unjustified Extra-Territorial Application of Foreign Legislation and Measures. Pursuant to the rules, where a citizen, legal person or other organization of China is prohibited or restricted by foreign legislation and other measures from engaging in normal economic, trade and related activities with a third state (or region) or its citizens, legal persons or other organizations, he/she/it shall truthfully report such matters to the competent department of commerce of the State Council within 30 days. A working committee will take the following factors into consideration when assessing whether there exists unjustified extra-territorial application of foreign legislation and other measures: (i) whether international law or the basic principles of international relations are violated; (ii) potential impact on China’s national sovereignty, security and development interests; (iii) potential impact on the legitimate rights and interests of the citizens, legal persons or other organizations of China; and (iv) any other relevant factors. In case it is confirmed that there exists unjustified extra-territorial application of foreign legislation and other

measures, the Ministry of Commerce may issue an injunction against such relevant foreign legislation and other measures. A citizen, legal person or other organization in China may apply for exemption from compliance with an injunction.

C.Organizational Structure

The following diagram illustrates our corporate structure, including our principal subsidiaries and other entities that are material to our business, as of the date of this annual report:

Notes:

(1)Shareholders of Shanghai Hexu and their respective shareholdings in Shanghai Hexu and relationship with our company are (i) Mr. Andy Chang Liu (99.0%), our founder, chairman and chief executive officer; and (ii) Mr. Zhan Xie (1.0%), a relative of Mr. Andy Chang Liu.

(2)Shareholders of Beijing Yiqi Information and their respective shareholdings in Beijing Yiqi Information are (i) Mr. Andy Chang Liu (99.0%); and (ii) Mr. Zhan Xie (1.0%).

(3)Shareholders of Beijing Qili and their respective shareholdings in Beijing Qili are (i) Mr. Andy Chang Liu (99.0%); and (ii) Mr. Zhan Xie (1.0%).

(4)Shareholders of Guangzhou Qili and their respective shareholdings in Guangzhou Qili are (i) Mr. Andy Chang Liu (99.0%); and (ii) Mr. Zhan Xie (1.0%).

(5)Shareholders of Beijing Yiqi Development and their respective shareholdings in Beijing Yiqi Development are (i) Mr. Andy Chang Liu (99.0%); and (ii) Mr. Zhan Xie (1.0%).

Contractual Arrangements with the VIEs and Their Respective Shareholders

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in value-added telecommunication services and certain other businesses. We are an

exempted company incorporated in the Cayman Islands. Shanghai WFOE, Guangzhou Qixiang, Guangzhou Qixuan and Beijing Yiqi Hangfan are our PRC subsidiaries, which we refer to as our WFOEs in this annual report, and they are foreign-invested enterprises under PRC Laws. To comply with PRC laws and regulations, we conduct certain of our business in mainland China through Shanghai Hexu, Beijing Yiqi Information, Beijing Yiqi Development, Beijing Qili and Guangzhou Qili, which we refer to as the VIEs in this annual report, based on a series of contractual arrangements by and among our WFOEs, the VIEs and their respective shareholders.

Our contractual arrangements with the VIEs and their respective shareholders allow us to (i) direct the activities of the VIEs, (ii) receive substantially all of the economic benefits of the VIEs, and (iii) have an exclusive call option to purchase all or part of the equity interests in the VIEs when and to the extent permitted by PRC law.

As a result of our direct ownership in our WFOEs and the contractual arrangements with the VIEs, we have the power to direct the activities of the VIEs that most significantly affect the economic performances of the VIEs and are entitled to receive the economic benefits of the VIEs that could potentially be significant to the VIEs. Therefore, we have determined that we are the primary beneficiary of the VIEs for accounting purposes in accordance with ASC 810, Consolidations under U.S. GAAP, and have consolidated the VIEs' results of operations, assets and liabilities in our consolidated financial statements for all the periods presented.

The following is a summary of the currently effective contractual arrangements by and among our WFOEs, the VIEs and their respective shareholders.

Arrangements that enable us to direct the activities of the VIEs

Proxy Agreement and Powers of Attorney. Pursuant to the proxy agreement and powers of attorney executed by Shanghai WFOE, Shanghai Hexu and Shanghai Hexu's shareholders and the respective power of attorney executed by each of Shanghai Hexu's shareholders, each of Shanghai Hexu's shareholders irrevocably authorized Shanghai WFOE or its designee(s) to act on their respective behalf as proxy attorney, to the extent permitted by law, to exercise all rights of shareholders concerning all the equity interest held by each of them in Shanghai Hexu, including but not limited to proposing to convene or attend shareholder meetings, signing resolutions and minutes of such meetings, voting at such meetings, nominating and appointing directors, receiving dividends and selling, transferring, pledging or disposing of all the equity held in part or in whole, and exercising all other rights as shareholders. The proxy agreement and powers of attorney will remain effective within the operating period of Shanghai Hexu, unless otherwise unilaterally terminated by Shanghai WFOE in its sole discretion. The proxy agreement and powers of attorney were executed in May 2013, which were amended and restated in May 2020, and the amended and restated proxy agreement and powers of attorney were deemed effective from November 2018. The proxy agreement and powers of attorney were further amended and restated in September 2020 due to the change of Shanghai Hexu's nominee shareholders.

Pursuant to the respective powers of attorney executed by each of Beijing Yiqi Information's shareholders in March 2022, each of Beijing Yiqi Information's shareholders irrevocably authorized Guangzhou Qixuan or its designee(s) to act on their respective behalf as proxy attorney and at such person's own will, to the extent permitted by law, to exercise all rights of shareholders concerning all the equity interest held by each of them in Beijing Yiqi Information, including but not limited to proposing to convene or attend shareholder meetings, signing relevant resolutions, nominating, voting and appointing on shareholder meetings, receiving dividends and selling, transferring, pledging or disposing of all the equity held in part or in whole, and exercising all other rights as shareholders. The powers of attorneys shall remain valid for the duration of the Exclusive Management Services and Business Cooperation Agreement.

In March 2022, each of Beijing Qili's shareholders entered into a power of attorney relating to the authorization of Guangzhou Qixiang, each of which includes terms substantially similar to the powers of attorneys relating to Beijing Yiqi Information as described above, respectively.

In November 2024, each of Beijing Yiqi Development's shareholders entered into a power of attorney relating to the authorization of Beijing Yiqi Hangfan in replace of the powers of attorney executed in March 2022, each of which includes terms substantially similar to the powers of attorneys relating to Beijing Yiqi Information as described above, respectively.

In August 2025, each of Beijing Yiqi Development's shareholders entered into a power of attorney relating to the authorization of Beijing Yiqi Hangfan in replace of the powers of attorney executed in November 2024, each of which includes terms substantially similar to the powers of attorneys relating to Beijing Yiqi Information as described above, respectively.

In July 2022, each of Guangzhou Qili's shareholders entered into a power of attorney relating to the authorization of Guangzhou Qixiang, each of which includes terms substantially similar to the powers of attorneys relating to Beijing Yiqi Information as described above, respectively.

Equity Interest Pledge Agreement. Under the equity interest pledge agreement among Shanghai WFOE, Shanghai Hexu and Shanghai Hexu's shareholders, Shanghai Hexu's shareholders pledged all of their equity interests of Shanghai Hexu to Shanghai WFOE as security for performance of the obligations of Shanghai Hexu and Shanghai Hexu's shareholders and their spouses, as applicable, under the exclusive management services and business cooperation agreement, the exclusive call option agreement, the proxy agreement and powers of attorney, and consent letters. During the term of the equity interest pledge agreement, Shanghai WFOE has the right to receive all of Shanghai Hexu's dividends and profits distributed on the pledged equity. If any of the specified events of default occurs, Shanghai WFOE, as pledgee, will have the right to purchase, auction or sell all or part of the pledged equity interests in Shanghai Hexu and will have priority in receiving the proceeds from such disposal. Shanghai WFOE may transfer all or any of its rights and obligations under the equity interest pledge agreement to its designee(s) at any time. Shanghai Hexu and its shareholders undertake that, without the prior written consent of Shanghai WFOE, they will not transfer, or create or allow any encumbrance on the pledged equity interests. The agreement will remain in effect until the earlier of (i) the fulfillment of all the obligations under the exclusive management services and business cooperation agreement, the exclusive call option agreement, the proxy agreement and powers of attorney, and consent letters, (ii) the exercise of right of pledge by Shanghai WFOE pursuant to the terms and conditions of this equity interest pledge agreement, or (iii) that the shareholders of Shanghai Hexu transfer all the equity held in Shanghai Hexu to Shanghai WFOE or its designee(s) pursuant to the exclusive call option agreement. The equity interest pledge agreement was executed in May 2013, which was amended and restated in May 2020, and the amended and restated equity interest pledge agreement was deemed effective from November 2018. The equity interest pledge agreement was further amended and restated in September 2020 due to the change of Shanghai Hexu's nominee shareholders.

Under the equity interest pledge agreement entered into by and among Guangzhou Qixuan, Beijing Yiqi Information and Beijing Yiqi Information's shareholders in March 2022, Beijing Yiqi Information's shareholders pledged all of their equity interests in Beijing Yiqi Information to Guangzhou Qixuan as security for performance of the obligations of Beijing Yiqi Information and Beijing Yiqi Information's shareholders, as applicable, under the exclusive management services and business cooperation agreement, the exclusive call option agreement, the powers of attorney, and consent letters (collectively the "Master Agreements"). The pledge thereunder shall be effective from the date of registration of the pledge with competent governmental authorities to the date on which the Master Agreements are completely performed, invalidated or terminated. In the term of pledge, if Beijing Yiqi Information or its shareholders fail to perform any of their obligations under the equity interest pledge agreement or the Master Agreements, or in case of occurrence of other specified events, Guangzhou Qixuan shall have the right but not obligated to dispose the pledged equity interest in accordance with the provisions of the equity interest pledge agreement. Beijing Yiqi Information and its shareholders undertake that, without the prior written consent of Guangzhou Qixuan, they will not transfer, or create or allow any encumbrance on the pledged equity interests.

In March 2022, Guangzhou Qixiang, Beijing Qili and Beijing Qili's shareholders entered into an equity interest pledge agreement, includes terms substantially similar to the equity interest pledge agreement relating to Beijing Yiqi Information as described above.

In November 2024, Beijing Yiqi Hangfan and Beijing Yiqi Development entered into equity interest pledge agreements with each of Beijing Yiqi Development's shareholders in replace of the equity interest pledge agreement executed in March 2022, which includes terms substantially similar to the equity interest pledge agreement relating to Beijing Yiqi Information as described above.

In August 2025, Beijing Yiqi Hangfan and Beijing Yiqi Development entered into equity interest pledge agreements with each of Beijing Yiqi Development's shareholders in replace of the equity interest pledge agreement executed in November 2024, which includes terms substantially similar to the equity interest pledge agreement relating to Beijing Yiqi Information as described above.

In July 2022, Guangzhou Qixiang, Guangzhou Qili and Guangzhou Qili's shareholders entered into an equity interest pledge agreement, which includes terms substantially similar to the equity interest pledge agreement relating to Beijing Yiqi Information as described above.

We have completed the registration of the equity interest pledge under the equity interest pledge agreement in relation to Shanghai Hexu, Beijing Yiqi Development and Beijing Qili with the relevant office of the State Administration for Market Regulation in accordance with the PRC Property Rights Law. We have not

completed the registration of the equity interest pledge under the equity interest pledge agreement in relation to Beijing Yiqi Information and Guangzhou Qili.

Agreements that allow us to receive economic benefits from the VIEs

Exclusive Management Services and Business Cooperation Agreement. Pursuant to the exclusive management services and business cooperation agreement among Shanghai WFOE, Shanghai Hexu and certain subsidiaries of Shanghai Hexu, Shanghai WFOE has the exclusive right to provide or designate any third-party to provide, among other things, asset and business operation consultancy services, research and development services for education software and courseware, employee professional training services, human resource management services, market survey and research services, permission of intellectual property rights, and other business and technological support as needed to Shanghai Hexu and its subsidiaries. In exchange, Shanghai Hexu and its subsidiaries agree to pay service fees to Shanghai WFOE in an amount determined by Shanghai WFOE in its sole discretion and can be adjusted by Shanghai WFOE unilaterally. Without the prior written consent of Shanghai WFOE, Shanghai Hexu or its subsidiaries cannot accept services provided by, or establish similar cooperation relationship with, any third-party. Shanghai WFOE has the exclusive ownership of all intellectual property rights created as a result of the performance of this agreement unless otherwise provided by PRC laws or regulations, which remain effective whether or not the agreement is amended or terminated. The exclusive management services and business cooperation agreement has an initial term of ten years and shall automatically renew at the end of each term for a further term of ten years, unless otherwise terminated by Shanghai WFOE in its sole discretion with 10 days' prior written notice. Under no circumstances can Shanghai Hexu or its subsidiaries terminate the exclusive management services and business cooperation agreement without the written consent of Shanghai WFOE. The exclusive management services and business cooperation agreement was executed in May 2013, which was amended and restated in May 2020, and the amended and restated exclusive management services and business cooperation agreement was deemed effective from November 2018.

Pursuant to the exclusive management services and business cooperation agreement entered into by and among Guangzhou Qixuan, Beijing Yiqi Information and Beijing Yiqi Information's shareholders in March 2022, Guangzhou Qixuan was appointed as the exclusive technology and service provider to Beijing Yiqi Information and its subsidiaries of comprehensive corporate management consulting, intellectual property licensing, technical support and business support services, which are specified by Beijing Yiqi Information and its subsidiaries in accordance with scope of their business. The service fees shall be determined by Guangzhou Qixuan, if not violating the mandatory provisions of PRC laws, in accordance with the specific service content and service targets, as well as Beijing Yiqi Information and its subsidiaries' income and customer volume in a specific period, and shall be the balance of general income deducting costs, taxes and other reserved fees stipulated by laws and regulations. In addition, Guangzhou Qixuan is the sole and exclusive provider of services under the exclusive management services and business cooperation agreement. Without the prior written consent of Guangzhou Qixuan, during the effective period of the exclusive management services and business cooperation agreement, Beijing Yiqi Information, its subsidiaries and its shareholders shall not directly and indirectly obtain the same or similar exclusive techniques and services as provided under the exclusive management services and business cooperation agreement from any third party, or establish any similar business cooperative relation with any third party with respect to the matters stipulated herein. Moreover, Guangzhou Qixuan has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or produced by performance of the exclusive management services and business cooperation agreement. Without Guangzhou Qixuan's consent, Beijing Yiqi Information, its subsidiaries and its shareholders enjoy no rights other than those provided in the exclusive management services and business cooperation agreement. Further, Beijing Yiqi Information and its subsidiaries grants to Guangzhou Qixuan an irrevocable and exclusive purchase right, which allows Guangzhou Qixuan to purchase, subject to compliance with the PRC laws, at its discretion, any or all of the assets and business of Beijing Yiqi Information or its subsidiaries at the lowest price as permitted under PRC laws and regulations. The exclusive management services and business cooperation agreement shall remain in force during the business operation period of Guangzhou Qixuan and Beijing Yiqi Information unless otherwise terminated earlier by consensus of the all parties to the exclusive management services and business cooperation agreement. Guangzhou Qixuan has the sole discretion and right to terminate the exclusive management services and business cooperation agreement with written notice at any time. Without Guangzhou Qixuan's written consent, Beijing Yiqi Information, its subsidiaries and its shareholders have no right to terminate the exclusive management services and business cooperation agreement.

In March 2022, Guangzhou Qixiang, Beijing Qili and Beijing Qili's shareholders entered into an exclusive management services and business cooperation agreement, which includes terms substantially similar to the exclusive management services and business cooperation agreement relating to Beijing Yiqi Information as described above.

In March 2022, Beijing Yiqi Hangfan, Beijing Yiqi Development and Beijing Yiqi Development's shareholders entered into an exclusive management services and business cooperation agreement, which includes terms substantially similar to the exclusive management services and business cooperation agreement relating to Beijing Yiqi Information as described above.

In July 2022, Guangzhou Qixiang, Guangzhou Qili and Guangzhou Qili's shareholders entered into an exclusive management services and business cooperation agreement, which includes terms substantially similar to the exclusive management services and business cooperation agreement relating to Beijing Yiqi Information as described above.

Agreements that provide us with the option to purchase the equity interests in the VIEs

Exclusive Call Option Agreement. Under the exclusive call option agreement among Shanghai WFOE, Shanghai Hexu and Shanghai Hexu's shareholders, each of the shareholders of Shanghai Hexu has irrevocably granted Shanghai WFOE an exclusive call option to purchase, or designate a third-party to purchase, all or any part of their equity interests in Shanghai Hexu and Shanghai Hexu has irrevocably granted Shanghai WFOE an exclusive call option to purchase, or designate a third-party to purchase, all or any part of its assets, each at a purchase price of RMB1.0 or equal to the lowest price permissible by the then-applicable PRC laws and regulations, at Shanghai WFOE's sole and absolute discretion to the extent permitted by PRC law. If the purchase price is higher than RMB1.0, the shareholders of Shanghai Hexu shall promptly give all considerations they received from the exercise of the options to Shanghai WFOE or its designee(s). Shanghai Hexu and its shareholders covenant that, without Shanghai WFOE's prior written consent, they will not, among other things, (i) create any pledge or encumbrance on their equity interests in Shanghai Hexu; (ii) transfer or otherwise dispose of their equity interests in Shanghai Hexu; (iii) amend Shanghai Hexu's articles of association or change Shanghai Hexu's registered capital; (iv) cause Shanghai Hexu to enter into or terminate any material contract to which Shanghai Hexu is a party, except in the ordinary course of business; (v) change the scope of business of Shanghai Hexu; (vi) allow Shanghai Hexu to incur, inherit, guarantee or permit any debts, except for those payables incurred in the ordinary or usual course of business; (vii) merge or consolidate Shanghai Hexu with any other entity or acquire or invest in any other entity; (viii) distribute any dividend; (ix) sell, transfer, mortgage or otherwise dispose of any of Shanghai Hexu's assets or allow any encumbrance of any assets, except for the disposal or the encumbrances of the assets that are treated as necessary for their daily business operations; or (x) terminate, liquidate or dissolve Shanghai Hexu. The exclusive call option agreement has an initial term of ten years and shall automatically renew at the end of each term for a further term of ten years, unless otherwise terminated by Shanghai WFOE in its sole discretion with 10 days' prior written notice. Under no circumstances can Shanghai Hexu or its shareholders terminate the exclusive call option agreement. The exclusive call option agreement was executed in May 2013, which was amended and restated in May 2020, and the amended and restated exclusive call option agreement was deemed effective from November 2018. The exclusive call option agreement was further amended and restated in September 2020 due to the change of Shanghai Hexu's nominee shareholders.

Under the exclusive call option agreement entered into by and among Guangzhou Qixuan, Beijing Yiqi Information and Beijing Yiqi Information's shareholders in March 2022, Guangzhou Qixuan has the exclusive, unconditional and irrevocable right to require the shareholders of the Beijing Yiqi Information, upon occurrence of the following situations and subject to the requirements by Guangzhou Qixuan, to transfer any or all of the equity interest in Beijing Yiqi Information held by the shareholders to it and/or a third party designated by it for free or considerations equivalent to the minimum purchase price permitted under the PRC laws and regulations: (1) Guangzhou Qixuan or the third party designated by it is permitted to hold any or all of the equity interest in Beijing Yiqi Information under the PRC laws; or (2) subject to the PRC laws, any situation as Guangzhou Qixuan thinks is appropriate or necessary. The shareholders of Beijing Yiqi Information agree that they will return to Beijing Yiqi Information, Guangzhou Qixuan or its designated party any consideration received, in the event that Guangzhou Qixuan exercises the option under the exclusive call option agreement to acquire such equity interest. In addition, shareholders of Beijing Yiqi Information undertake that, subject to the PRC laws and regulations and after taxes required by PRC laws and regulations have been paid, before their transferring the equity interest in Beijing Yiqi Information to Guangzhou Qixuan, they shall deliver the dividends, bonus, or any other property distributed from Beijing Yiqi Information to Guangzhou Qixuan or any third party designated by Guangzhou Qixuan as soon as possible and within three (3) days after receipt of such dividends, bonus or any other property. Beijing Yiqi Information and its shareholders covenant that, without Guangzhou Qixuan's prior written consent, among other things, they shall not (i) transfer any equity interest in Beijing Yiqi Information to any third party, or create any pledge, mortgage, guarantee, or any other right in the benefit of any third party in the equity interest in Beijing Yiqi Information held by them, except the pledge provided in the equity pledge agreement by and among Guangzhou Qixuan, Beijing Yiqi Information and Beijing Yiqi Information's shareholders, (ii) supplement, change or amend the articles of association and bylaws of Beijing Yiqi Information in any manner, or increase or

reduce registered capital or change structure of registered capital of Beijing Yiqi Information in any other manner, (iii) enter into any material contract or change the scope of business of Beijing Yiqi Information, (iv) terminate any material contract to which Beijing Yiqi Information is a party or entered into any agreement that affect the Beijing Yiqi Information's financial status and asset value; (v) create, succeed, warrant or allow any debt except the account payable occurred in ordinary course, provided however, such account payable shall not be created by loan from any other person, (vi) announce or pay any dividend to the shareholders, (vii) sell, transfer, license or dispose in any manner any asset of Beijing Yiqi Information, or allow the encumbrance hereon of any asset of Beijing Yiqi Information, unless Beijing Yiqi Information is able to prove that the such sale, transfer, license, deposition or encumbrance is necessary for its business in ordinary course and the transaction amount of one single transaction shall not higher than RMB100,000. In the event that during the term of the exclusive call option agreement Beijing Yiqi Information liquidates or dissolves, subject to the PRC laws and regulations, Beijing Yiqi Information and its shareholders shall designate person recommended by Guangzhou Qixuan to constitute the liquidation group and manage the asset of the Beijing Yiqi Information. Further Beijing Yiqi Information and its shareholders covenant that they shall appoint persons designated by Guangzhou Qixuan as directors, supervisors and/or senior management of Beijing Yiqi Information, and/or remove the incumbent directors, supervisors and/or senior management of Beijing Yiqi Information at Guangzhou Qixuan's request and complete all relevant filing procedures.

In March 2022, Guangzhou Qixiang, Beijing Qili and Beijing Qili's shareholders entered into an exclusive call option agreement, which includes terms substantially similar to the exclusive call option agreement relating to Beijing Yiqi Information as described above.

In March 2022, Beijing Yiqi Hangfan, Beijing Yiqi Development and Beijing Yiqi Development's shareholders entered into an exclusive call option agreement, which includes terms substantially similar to the exclusive call option agreement relating to Beijing Yiqi Information as described above.

In July 2022, Guangzhou Qixiang, Guangzhou Qili and Guangzhou Qili's shareholders entered into an exclusive call option agreement, which includes terms substantially similar to the exclusive call option agreement relating to Beijing Yiqi Information as described above.

Consent Letters. Pursuant to the consent letters executed by each of Shanghai Hexu's shareholders and its spouse on various dates, each signing shareholder and its spouse unconditionally and irrevocably agreed that the equity interest in Shanghai Hexu held by and registered in the name of such shareholder be disposed of in accordance with the proxy agreement and powers of attorney, the equity interest pledge agreement, the exclusive management services and business cooperation agreement, and the exclusive call option agreement described above, and that such shareholder may perform, amend or terminate such agreements without any additional consent of its spouse. Additionally, the signing spouses agreed not to assert any rights over the equity interest in Shanghai Hexu held by the shareholders. In addition, in the event that the signing spouses obtain any equity interest in Shanghai Hexu held by the shareholders for any reason, they agree to be bound by and sign any legal documents substantially similar to the contractual arrangements described above, as may be amended from time to time.

Pursuant to consent letters executed by the spouse of each Beijing Yiqi Information's shareholder in March 2022, the spouse of each Beijing Yiqi Information's shareholder confirms that she is aware of and consents to the execution of the exclusive management services and business cooperation agreement, the exclusive call option agreement, the powers of attorney and the equity pledge agreement (collectively, the "Transaction Documents") by her spouse, and agrees the disposal of the equity interests in Beijing Yiqi Information in accordance with the Transaction Documents. Spouses covenant that they will not take any action at any time to hinder the disposal arrangement of such equity interest, including but not limited to claiming that the said equity interest belongs to her joint property with her spouse, and confirm that their spouses may further amend or terminate the Transaction Documents without the need for authorization or consent by them and they will execute all documents and take all actions necessary to ensure that the Transaction Documents (as amended from time to time) are properly performed. In addition, the spouse of each Beijing Yiqi Information's shareholder undertakes to unconditionally and irrevocably waive any rights or interests in the equity and corresponding assets of Beijing Yiqi Information that may be granted to her, she will be bound by Transaction Documents as amended from time to time if she has obtained any equity interests, directly or indirectly, in Beijing Yiqi Information for whatever reasons.

The spouse of each Beijing Qili's shareholder respectively executed a consent letter in March 2022, as applicable, which includes terms substantially similar to the consent letters relating to Beijing Yiqi Information as described above.

The spouse of each Beijing Yiqi Development's shareholder respectively executed a consent letter in March 2022, as applicable, which includes terms substantially similar to the consent letters relating to Beijing Yiqi Information as described above.

The spouse of each Guangzhou Qili's shareholder respectively executed a consent letter in July 2022, as applicable, which includes terms substantially similar to the consent letters relating to Beijing Yiqi Information as described above.

In the opinion of Tian Yuan Law Firm, our PRC legal counsel, save for the uncertainties disclosed in this annual report:

- the ownership structures of the VIEs and our WFOEs in mainland China currently are not in violation of applicable laws and regulations of mainland China currently in effect; and

- the contractual arrangements between our WFOEs, the VIEs and their respective shareholders governed by laws of mainland China are valid, binding and enforceable, and will not result in any violation of applicable laws and regulations of mainland China currently in effect.

However, our PRC legal counsel has also advised us that there are substantial uncertainties regarding the interpretation and application of current and future laws, regulations and rules of mainland China. Accordingly, Chinese regulatory authorities may take a view that is contrary to the opinion of our PRC legal counsel. It is uncertain whether any new laws or regulations of mainland China relating to variable interest entity structures will be adopted or if adopted, what they would provide. If we or the VIEs are found to be in violation of any existing or future laws or regulations of mainland China, or fail to obtain or maintain any of the required permits or approvals, the Chinese regulatory authorities would have broad discretion to take action in dealing with such violations or failures. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating certain of our operations in mainland China do not comply with regulations of mainland China relating to the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—Our current corporate structure and business operations may be affected by the Foreign Investment Law" and "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Evolution of the mainland China legal system could adversely affect us."

D.Property, Plant and Equipment

Our principal regional executive offices are located in Beijing and Shanghai, China, and we have also leased offices in a number of other cities in China. Information on our leased properties as of December 31, 2025 is summarized below.

Location	Space (in thousands of square meters)	Lease Term (years)
Beijing, China	3.6	1.0—4.0
Others	0.4	3.0—5.0
Total	4.0	

We lease our premises under lease agreements from independent third parties. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to seek additional space as needed to accommodate future growth.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties about our business and operations. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Item 3. Key Information—D. Risk Factors" and elsewhere in this annual report. See "Forward-Looking Information."

A.Operating Results

We are a leading education technology company in China with an "in-school + after-school" integrated model. Our smart in-school classroom solution, which has been upgraded to our teaching and learning SaaS offering since 2021, delivers data-driven teaching, learning and assessment products to teachers, students and parents across over 70,000 K-12 schools on a cumulative basis. Leveraging our unique insights into the academic performance of tens of millions of students at these schools, we offer other educational products and services to complement students' in-school learning with a higher level of personalization. Historically, we generated the vast majority of our revenues from our online K-12 tutoring services. However, in order to comply with the latest PRC regulations, pursuant which prohibit providing tutoring services relating to academic subjects to K-12 students, we ceased offering the K-12 Academic AST Services in December 2021.

Our net revenues increased by 10.7% from RMB171.0 million in 2023 to RMB189.2 million in 2024, and decreased by 44.0% to RMB106.0 million (US$15.2 million) in 2025. We incurred a net loss of RMB311.8 million, RMB192.9 million and RMB154.4 million (US$22.1 million) in 2023, 2024 and 2025, respectively.

General Factors Affecting Our Results of Operations

Our results of operations are affected by the general factors driving China's education industry. We have benefited from China's overall economic growth, significant urbanization rate, and higher per capita disposable income of households, and increased penetration of internet and mobile applications in China. Our results of operations are also subject to changes in the regulatory landscape affecting China's education industry, particularly uncertainties relating to both in-school and after-school educational services. For example, on July 24, 2021, the General Office of State Council and the General Office of Central Committee of the Communist Party of China jointly promulgated the Alleviating Burden Opinion, which provides, among others, that (i) Academic AST Institutions are prohibited from raising funds by listing on stock markets or conducting any capitalization activities; (ii) foreign capital is prohibited from controlling or participating in any Academic AST Institutions through mergers and acquisitions, entrusted operation, joining franchise or variable interest entities; (iii) online tutoring for preschool-age children is prohibited, and offline academic subjects (including foreign language) tutoring services for preschool-age children is also strictly prohibited. The Alleviating Burden Opinion provides that any violation of the foregoing shall be rectified. The Alleviating Burden Opinion further states that the administration and supervision over academic subjects tutoring institutions for students on grade ten to twelve shall be implemented by reference to the provisions of the Alleviating Burden Opinion. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Related to After-School Tutoring and Online Private Education" for more details. As a result, we ceased offering our online K-12 tutoring services by the end of December 2021 and have taken other measures in response to the regulatory developments in China to maintain our continued operations. We may become subject to fines or other penalties or be required to terminate certain operations, and we may incur material impairment and severance charges resulting from termination of leases, dismissal of employees and other actions we take in light of the latest regulatory developments.

Our business, financial condition, results of operations and prospect have been and will be materially and adversely affected by the actions we have taken to date and consider taking to be in compliance with the Alleviating Burden Opinion and its implementation measures. See also "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Significant uncertainties exist in relation to the interpretation and implementation of, or proposed changes to, the PRC laws, regulations and policies regarding the online private education industry. In particular, the Opinions on Further Alleviating the Burden of Homework and After-School Tutoring for Students in Compulsory Education and the implementation measures issued thereunder by the PRC government authorities has materially and adversely affected and will materially and adversely affect our business, financial condition, results of operations and prospects."

In addition, the PRC government regulates various aspects of our business and operations, including the qualification, licensing or filing requirements for entities that provide education services and limitations on foreign investments in the education industry. See the risk factors presented under "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry" with the captions "We face uncertainties with respect to the development of regulatory requirements on operating licenses and permits for our online education services in mainland China. Failure to renew and maintain requested licenses or permits in a timely manner or obtain newly required ones due to adverse changes in regulations or policies could have a material adverse impact on our business, financial condition and results of operations," and "The approval and/or other requirements of the CSRC or other Chinese governmental authorities may be required in connection with an offering under rules, regulations or policies of mainland China, and, if required, we cannot predict whether or how soon we will be able to obtain such approval or complete such other requirements."

Specific Factors Affecting Our Results of Operations

Besides the general factors affecting the education industry in China, our results of operations are affected by the following specific factors relating to our business:

Our ability to execute new business strategies

We launched our teaching and learning SaaS offerings in September 2021, after the implementation of the Alleviating Burden Opinion in July 2021. In 2025, leveraging our brand recognition and user trust built through our smart in-class teaching and learning SaaS offerings, as well as our established relationships with students and parents, we introduced our new AI-powered personalized learning offering, "*Yiqi Aixue*". We have started delivering products and services for *Yiqi Aixue* since January 2026, with certain advance payments collected from customers in 2025. Our results of operations are significantly affected by the success of these new business strategies. To successfully execute these new strategies, we need to develop and improve the corresponding products and services and address our customers' needs in a timely manner. Our ability to market our teaching and learning SaaS offerings will not only depend on our ability to develop functions and systems that are closely aligned with China's digital transformation of its public schools, but also on our ability to establish strong nationwide sales and services teams and regional distributor networks. The success of our other educational products and services will depend on our ability to efficiently combine our insights into the academic profiles of students of different background and our accumulated content library into a well-designed integral package that helps students effectively achieve their learning goals, as well as to attract students to pay for it in a cost-efficient way.

Our ability to manage our operational efficiency

Our operating margins depend on our ability to control our costs and realize additional operation leverage as we continue to operate. Our business changes may result in substantial demands on our management, operational, technological, financial and other resources. To manage and support our further development, we must improve our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain additional content development staff as well as other administrative and sales and marketing personnel, particularly as we grow outside of our existing areas. We will continue to implement additional systems and measures in order to effectively manage and support our business. If we cannot achieve these improvements, our financial condition and results of operations may be materially adversely affected.

Sales and marketing expenses have been a major component of our operating expenses. Salaries and welfare of our sales and marketing personnel, including those related to both our in-school and after-school operations, has also been one of the largest items of our sales and marketing expenses as our sales and marketing team expanded. To further lower or maintain our sales and marketing expenses as a percentage of our net revenues, we will continue to improve our efficiency and capitalize on our brand value and recognition of the high quality and effectiveness of our service and product offerings.

We have also incurred substantial amounts of research and development expenses. Salaries and welfare expenses encompass those for technology and content development staff for our teaching and learning SaaS offerings and other educational products and services. We will continue to optimize our content and enhance our technologies to attract new educational authorities, schools and students and improve our operating efficiency.

Key Components of Results of Operations

Net revenues

In 2023, 2024 and 2025, due to the cessation of the Company's online K-12 tutoring services by the end of 2021 in order to be compliant with the PRC regulations, we derived all of our net revenues from teaching and learning SaaS offerings and our other educational products and services. The following table sets forth a breakdown of our total net revenues by amounts and percentages for the periods presented:

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Net revenues							
Teaching and learning SaaS offerings	149,119	87.2	174,746	92.4	96,258	13,764	90.8
Other educational products and services	21,843	12.8	14,466	7.6	9,766	1,397	9.2
Total	**170,962**	**100.0**	**189,212**	**100.0**	**106,024**	**15,161**	**100.0**

In compliance with the latest PRC regulations, which prohibit the provision of tutoring services relating to academic subjects to K-12 students, we ceased offering the K-12 Academic AST Services by the end of December 2021. This has materially and adversely affected our financial condition and results of operations in 2023, 2024 and 2025.

In 2023, 2024 and 2025, we derived all of our net revenues from teaching and learning SaaS offerings and our other educational products and services. Our teaching and learning SaaS offerings have experienced large-scale expansion and became the main source of our net revenues. The majority of our net revenue in 2023, 2024 and 2025 came from our teaching and learning SaaS offerings.

In 2023, 2024 and 2025, our net revenues from other educational products and services primarily consisted of the subscription fees we charged for our membership-based premium educational content, with subscription periods ranging from 15 days to one year.

Cost of revenues

Our cost of revenues primarily consists of hardware and software cost, compensation costs, educational products and materials and others. We expect our cost of revenues to decrease in absolute amounts in the foreseeable future due to our continuous cost optimization.

The following table sets forth the components of our cost of revenues by amounts and percentages of our net revenues for the periods presented:

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Compensation costs	42,310	24.7	31,172	16.5	26,747	3,826	25.2
Hardware and software costs	43,565	25.5	80,510	42.6	20,918	2,992	19.7
Educational products and materials	390	0.2	6,352	3.4	4,835	691	4.6
Other costs	3,994	2.4	1,970	0.9	2,897	413	2.7
Total	**90,259**	**52.8**	**120,004**	**63.4**	**55,397**	**7,922**	**52.2**

Hardware and software costs. Our hardware and software costs are costs of purchased hardware and software utilized for our teaching and learning SaaS offerings.

Compensation costs. Our compensation costs primarily include salaries, welfare and service fees for our staff and consultants who provide services for customers of our teaching and learning SaaS offerings and other educational products and services.

Educational products and materials. Our educational products and materials primarily include costs of educational materials of our other educational products and services, and the logistics costs.

Other costs. Our other costs primarily include rental costs for our office space, costs for the bandwidth, depreciation of the properties and equipment and other technical costs.

Operating expenses

Our operating expenses consist of sales and marketing expenses, research and development expenses, and general and administrative expenses. The following table sets forth the components of our operating expenses by amounts and percentages of our net revenues for the periods presented:

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Sales and marketing expenses	101,260	59.2	76,088	40.2	83,043	11,875	78.3
Research and development expenses	167,932	98.2	71,997	38.1	56,169	8,032	53.0
General and administrative expenses	154,261	90.2	134,935	71.3	74,965	10,720	70.7
Total	**423,453**	**247.6**	**283,020**	**149.6**	**214,177**	**30,627**	**202.0**

Sales and marketing expenses. Our sales and marketing expenses primarily consist of (i) salaries, benefits and commission for sales and marketing personnel of our in-school and after-school operations, and (ii) other expenses associated with our sales marketing activities, including rental, depreciation and amortization and other general expenses. We expect our sales and marketing expenses to rise as our business grows.

The following table sets forth the components of our sales and marketing expenses by amounts and percentages of our net revenues for the periods presented:

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Sales and marketing expenses							
Salaries and welfare	58,857	34.4	48,383	25.6	67,554	9,660	63.7
Other expenses	42,403	24.8	27,705	14.6	15,489	2,215	14.6
Total	**101,260**	**59.2**	**76,088**	**40.2**	**83,043**	**11,875**	**78.3**

Research and development expenses. Our research and development expenses consist primarily of (i) salaries and welfare for technology and content development personnel of our in-school and after-school operations and (ii) other expenses associated with our research and development activities, including rental, development and depreciation expenses. Despite our continuous resource investment in technological and product innovation, we expect our research and development expenses to remain relatively stable in the foreseeable future, due to our ongoing focus on efficiency improvement.

The following table sets forth the components of our research and development expenses by amounts and percentages of our net revenues for the periods presented:

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Research and development expenses							
Salaries and welfare	129,869	76.0	62,871	33.2	50,867	7,274	48.0
Other expenses	38,063	22.2	9,126	4.9	5,302	758	5.0
Total	**167,932**	**98.2**	**71,997**	**38.1**	**56,169**	**8,032**	**53.0**

General and administrative expenses. Our general and administrative expenses consist primarily of (i) salaries and welfare for our general and administrative personnel and (ii) other general and administrative expenses, including rental and depreciation expenses. We expect our general and administrative expenses to remain relatively stable in the future.

The following table sets forth the components of our general and administrative expenses by amounts and percentages of our net revenues for the periods presented:

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
General and administrative expenses							
Salaries and welfare	99,301	58.1	90,670	47.9	55,948	8,000	52.8
Other expenses	54,960	32.1	44,265	23.4	19,017	2,720	17.9
Total	**154,261**	**90.2**	**134,935**	**71.3**	**74,965**	**10,720**	**70.7**

Taxation

Cayman Islands

We and one of our subsidiaries, 17 Technology Limited, are exempted companies incorporated in Cayman Islands. The Cayman Islands currently levies no taxes on corporations based upon profits, income, gains or appreciation. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands, except for stamp duties, which may be applicable on instruments executed in, or after execution brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not a party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

British Virgin Islands

Our subsidiaries, 17 Education World Limited, 17 Educational Products Limited and 17 Inspire Limited, are incorporated in the British Virgin Islands and are not subject to income tax.

Hong Kong

Our subsidiaries, Sunny Education (HK) Limited, 17 Vision Limited, 17 Glory Limited, and 17 Legend Limited, are located in Hong Kong. According to the Hong Kong regulations, Hong Kong entities are subject to a two-tiered income tax rate for taxable income earned in Hong Kong with effect from April 1, 2018. The first HK$2 million of profits earned by HK entity will be taxed at 8.25%, while the remaining profits will continue to be taxed at the existing 16.5% tax rate. In addition, to avoid abuse of the two-tiered tax regime, each group of connected entities can nominate only one entity to benefit from the two-tiered tax rate. Considering HK entities were in accumulated loss position, they did not apply to the two-tier tax rates. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax during 2023, 2024 and 2025.

Mainland China

Generally, our PRC subsidiaries, VIEs and VIEs' subsidiaries are subject to enterprise income tax on their taxable income in mainland China at a statutory rate of 25%. The enterprise income tax is calculated based on the entity's global income as determined under PRC tax laws and accounting standards. Shanghai Hexu, Beijing Yiqi Education and Beijing Yiqi Development currently enjoy a preferential enterprise income tax rate of 15% as they are recognized as HNTEs by the mainland China governmental authorities. The qualification as an HNTE is subject to annual evaluation and a three-year review by the mainland China governmental authorities. Shanghai Hexu's current HNTE status is set to expire after December 2028, Beijing Yiqi Education's current HNTE status is set to expire after October 2027, and Beijing Yiqi Development's current HNTE status is set to expire after October 2026.

Our educational services are subject to VAT at the rate of 3% for small-scale-VAT-payer entities or at the rate of 6% or 13% for general-VAT-payer entities in accordance with PRC tax rules.

Dividends paid by our wholly foreign-owned subsidiaries in mainland China to our intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entity satisfies all the requirements under the Arrangement between mainland China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income and Capital and receives approval from the relevant tax authority. If our Hong Kong subsidiary satisfies all the requirements under the tax arrangement and receives approval from the relevant tax authority, then the dividends paid to the Hong Kong subsidiary would be subject to withholding tax at the standard rate of 5%. Effective from November 1, 2015, the above-mentioned approval requirement has been abolished, but a Hong Kong entity is still required to file application package with the relevant tax authority, and settle the overdue taxes if the preferential 5% tax rate is denied based on the subsequent review of the application package by the relevant tax authority. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business."

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a "resident enterprise" under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods presented, both in absolute amount and as a percentage of our net revenues for the periods presented. This information should be read together with our consolidated financial statements and related notes included

elsewhere in this annual report. The results of operations in any particular period are not necessarily indicative of our future trends.

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Net revenues							
Teaching and learning SaaS offerings	149,119	87.2	174,746	92.4	96,258	13,764	90.8
Other educational products and services	21,843	12.8	14,466	7.6	9,766	1,397	9.2
Total net revenues	**170,962**	**100.0**	**189,212**	**100.0**	**106,024**	**15,161**	**100.0**
Cost of revenues	**(90,259)**	**(52.8)**	**(120,004)**	**(63.4)**	**(55,397)**	**(7,922)**	**(52.2)**
Gross profit	**80,703**	**47.2**	**69,208**	**36.6**	**50,627**	**7,239**	**47.8**
Operating expenses[(1)]							
Sales and marketing expenses	(101,260)	(59.2)	(76,088)	(40.2)	(83,043)	(11,875)	(78.3)
Research and development expenses	(167,932)	(98.2)	(71,997)	(38.1)	(56,169)	(8,032)	(53.0)
General and administrative expenses	(154,261)	(90.2)	(134,935)	(71.3)	(74,965)	(10,720)	(70.7)
Total operating expenses	**(423,453)**	**(247.6)**	**(283,020)**	**(149.6)**	**(214,177)**	**(30,627)**	**(202.0)**
Loss from operations	**(342,750)**	**(200.4)**	**(213,812)**	**(113.0)**	**(163,550)**	**(23,388)**	**(154.2)**
Interest income	27,811	16.3	16,260	8.6	8,655	1,238	8.2
Foreign currency exchange (loss) gain	(801)	(0.5)	226	0.1	(182)	(26)	(0.2)
Other income, net	3,958	2.3	4,399	2.3	661	95	0.6
Loss before provision for income tax	**(311,782)**	**(182.3)**	**(192,927)**	**(102.0)**	**(154,416)**	**(22,081)**	**(145.6)**
Net loss	**(311,782)**	**(182.3)**	**(192,927)**	**(102.0)**	**(154,416)**	**(22,081)**	**(145.6)**

Note:

(1)Share-based compensation expenses were allocated as follows:

	For the Year Ended December 31,						
	2023		2024		2025		
	RMB	%	RMB	%	RMB	US$	%
	(in thousands, except for percentages)						
Share-based compensation expenses							
Sales and marketing expenses	17,243	10.1	10,204	5.4	7,332	1,048	6.9
Research and development expenses	26,954	15.8	14,656	7.7	10,271	1,469	9.7
General and administrative expenses	39,498	23.1	37,057	19.6	13,225	1,891	12.5
Total	**83,695**	**49.0**	**61,917**	**32.7**	**30,828**	**4,408**	**29.1**

Year ended December 31, 2025 compared to year ended December 31, 2024

Net revenues

Our net revenues decreased from RMB189.2 million in 2024 to RMB106.0 million (US$15.2 million) in 2025, representing a year-over-year decrease of 44%. This decrease was primarily due to the reduction in net revenues from district-level projects, as we prioritize our resources on school-based projects.

•*Teaching and learning SaaS offerings.* Net revenues from our teaching and learning SaaS offerings decreased from RMB174.7 million in 2024 to RMB96.3 million (US$13.8 million) in 2025.

•*Other educational products and services.* Net revenues from our other educational products and services decreased from RMB14.5 million in 2024 to RMB9.8 million (US$1.4 million) in 2025.

Cost of revenues

Our cost of revenues decreased from RMB120.0 million in 2024 to RMB55.4 million (US$7.9 million) in 2025.

•*Hardware and software costs.* Our hardware and software costs decreased from RMB80.5 million in 2024 to RMB20.9 million (US$3.0 million) in 2025, which largely in line with the decrease in net revenues.

•*Compensation costs.* Our compensation costs decreased from RMB31.2 million in 2024 to RMB26.7 million (US$3.8 million) in 2025, primarily due to staff optimization in line with business adjustment.

•*Educational products and materials.* Our educational products and materials decreased from RMB6.4 million in 2024 to RMB4.8 million (US$0.7 million) in 2025, primarily due to the decrease in the consumable materials for the deliveries of our teaching and learning SaaS offerings during the year.

•*Other costs.* Our other costs of revenues increased from RMB2.0 million in 2024 to RMB2.9 million (US$0.4 million) in 2025, primarily due to the increase in platform transaction fees.

Gross profit

As a result of the foregoing, our gross profit decreased from RMB69.2 million in 2024 to RMB50.6 million (US$7.2 million) in 2025. The decrease was primarily due to the reduction in net revenues. The gross margin increased from 36.6% in 2024 to 47.8% in 2025, which was driven by the school-based subscription business with higher margins, as well as enhanced operating leverage as our subscription model business grows.

Operating expenses

Our total operating expenses decreased from RMB283.0 million in 2024 to RMB214.2 million (US$30.6 million) in 2025, including RMB30.8 million (US$4.4 million) of share-based compensation expenses.

Sales and marketing expenses. Our sales and marketing expenses increased from RMB76.1 million in 2024 to RMB83.0 million (US$11.9 million) in 2025, including RMB7.3 million (US$1.0 million) of share-based compensation expenses.

•*Salaries and welfare.* Salaries and welfare for our sales and marketing personnel increased from RMB48.4 million in 2024 to RMB67.6 million (US$9.7 million) in 2025, primarily due to increases in our marketing and sales workforce and related expenses.

•*Other expenses.* Other sales and marketing expenses decreased from RMB27.7 million in 2024 to RMB15.5 million (US$2.2 million) in 2025, primarily due to decreases in office expenses and professional service fees.

Research and development expenses. Our research and development expenses decreased from RMB72.0 million in 2024 to RMB56.2 million (US$8.0 million) in 2025, including RMB10.3 million (US$1.5 million) of share-based compensation expenses, primarily due to decreases in the share-based compensation and staff optimization in line with business transformation.

- *Salaries and welfare.* Salaries and welfare for our research and development personnel decreased from RMB62.9 million in 2024 to RMB50.9 million (US$7.3 million) in 2025. The decrease was primarily due to decreases in the share-based compensation and staff optimization in line with business transformation.

- *Other expenses.* Other research and development expenses decreased from RMB9.1 million in 2024 to RMB5.3 million (US$0.8 million) in 2025, primarily due to decreases in rental cost and other IT service fees.

General and administrative expenses. Our general and administrative expenses decreased from RMB134.9 million in 2024 to RMB75.0 million (US$10.7 million) in 2025, including RMB13.2 million (US$1.9 million) of share-based compensation expenses.

- *Salaries and welfare.* Salaries and welfare for our general and administrative personnel decreased from RMB90.7 million in 2024 to RMB55.9 million (US$8.0 million) in 2025, due to decreases in share-based compensation and staff optimization in line with business transformation.

- *Other expenses.* Other general and administrative expenses decreased from RMB44.3 million in 2024 to RMB19.0 million (US$2.7 million) in 2025 due to decreases in professional service fees.

Loss from operations

Our loss from operations decreased from RMB213.8 million in 2024 to RMB163.6 million (US$23.4 million) in 2025. Loss from operations as a percentage of net revenues in 2025 was negative 154.3%, compared with negative 113.0% in 2024.

Interest income

Our interest income decreased from RMB16.3 million in 2024 to RMB8.7 million (US$1.2 million) in 2025, primarily due to the decline in interest rates on term deposits.

Net loss

As a result of the foregoing, our net loss decreased from RMB192.9 million in 2024 to RMB154.4 million (US$22.1 million) in 2025.

Year ended December 31, 2024 compared to year ended December 31, 2023

Net revenues

Our net revenues increased from RMB171.0 million in 2023 to RMB189.2 million in 2024, representing a year-over-year increase of 10.6%. This increase was primarily driven by the increased number of teaching and learning SaaS contracts and the recurring revenue generated from on-going projects.

- *Teaching and learning SaaS offerings.* Net revenues from our teaching and learning SaaS offerings increased from RMB149.1 million in 2023 to RMB174.7 million in 2024.

- *Other educational products and services.* Net revenues from our other educational products and services decreased from RMB21.8 million in 2023 to RMB14.5 million in 2024.

Cost of revenues

Our cost of revenues increased from RMB90.3 million in 2023 to RMB120.0 million in 2024.

- *Hardware and software costs.* Our hardware and software costs increased from RMB43.6 million in 2023 to RMB80.5 million in 2024, primarily due to our certain Teaching and Learning SaaS offering projects required higher upfront hardware costs but might lead to additional revenue opportunities in later stages.

•*Compensation costs.* Our compensation costs decreased from RMB42.3 million in 2023 to RMB31.2 million in 2024, primarily due to staff optimization in line with business adjustment.

•*Educational products and materials.* Our educational products and materials increased from RMB0.4 million in 2023 to RMB6.4 million in 2024, primarily due to the increase in the consumable materials utilized for the deliveries of our teaching and learning SaaS offerings during the year.

•*Other costs.* Our other costs of revenues decreased from RMB4.0 million in 2023 to RMB2.0 million in 2024, primarily due to the decrease of rental costs for office space and other technical costs.

Gross profit

As a result of the foregoing, our gross profit decreased from RMB80.7 million in 2023 to RMB69.2 million in 2024. The decrease was primarily due to the increase of costs for our certain Teaching and Learning SaaS offering projects associated with our experimental teaching and learning SaaS projects to capture additional market opportunities, which required higher upfront hardware costs but might lead to additional revenue opportunities in later stages. Consequently, our gross margin decreased from 47.2% in 2023 to 36.6% in 2024.

Operating expenses

Our total operating expenses decreased from RMB423.5 million in 2023 to RMB283.0 million in 2024, including RMB61.9 million of share-based compensation expenses.

Sales and marketing expenses. Our sales and marketing expenses decreased from RMB101.3 million in 2023 to RMB76.1 million in 2024, including RMB10.2 million of share-based compensation expenses.

•*Salaries and welfare.* Salaries and welfare for our sales and marketing personnel decreased from RMB58.9 million in 2023 to RMB48.4 million in 2024, primarily due to staff optimization in line with business adjustment.

•*Other expenses.* Other sales and marketing expenses decreased from RMB42.4 million in 2023 to RMB27.7 million in 2024, primarily due to staff optimization in line with business adjustment.

Research and development expenses. Our research and development expenses decreased from RMB167.9 million in 2023 to RMB72.0 million in 2024, including RMB14.7 million of share-based compensation expenses, primarily due to staff optimization in line with business adjustment.

•*Salaries and welfare.* Salaries and welfare for our research and development personnel decreased from RMB129.9 million in 2023 to RMB62.9 million in 2024. The decrease was primarily due to staff optimization in line with business adjustment and the reduction of share-based compensations as most of the options had been fully vested in prior years.

•*Other expenses.* Other research and development expenses decreased from RMB38.1 million in 2023 to RMB9.1 million in 2024, primarily due to decreases in rental cost, bandwidth and other IT service fees.

General and administrative expenses. Our general and administrative expenses decreased from RMB154.3 million in 2023 to RMB134.9 million in 2024, including RMB37.1 million of share-based compensation expenses.

•*Salaries and welfare.* Salaries and welfare for our general and administrative personnel decreased from RMB99.3 million in 2023 to RMB90.7 million in 2024, due to staff optimization in line with business adjustment.

•*Other expenses.* Other general and administrative expenses decreased from RMB55.0 million in 2023 to RMB44.3 million in 2024 due to decreases in professional service fees.

Loss from operations

Our loss from operations decreased from RMB342.8 million in 2023 to RMB213.8 million in 2024. Loss from operations as a percentage of net revenues in 2024 was negative 113.0%, compared with negative 200.4% in 2023.

Interest income

Our interest income decreased from RMB27.8 million in 2023 to RMB16.3 million in 2024, primarily due to decreases in average balance of cash and cash equivalents and term deposits.

Net loss

As a result of the foregoing, our net loss decreased from RMB311.8 million in 2023 to RMB192.9 million in 2024.

Recently Issued Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to us is included in Note 2 to our consolidated financial statements included elsewhere in this annual report.

B.Liquidity and Capital Resources

The following table sets forth a summary of our cash flows for the years presented:

	For the Year Ended December 31,			
	2023	2024	2025	
	RMB	RMB	RMB	US$
	(in thousands)			
Net cash (used in) generated from operating activities	(212,075)	(139,218)	37,326	5,337
Net cash (used in) generated from investing activities	(161,141)	35,594	(41,604)	(5,948)
Net cash (used in) generated from financing activities	(51,357)	21,333	25,460	3,641
Effect of exchange rate changes	13,376	9,555	(8,878)	(1,270)
Net (decrease) increase in cash, cash equivalents and restricted cash	(411,197)	(72,736)	12,304	1,760
Cash, cash equivalents and restricted cash at the beginning of the year	718,126	306,929	234,193	33,489
Cash, cash equivalents and restricted cash at the end of the year	306,929	234,193	246,497	35,249

To date, we have financed our operating and investing activities primarily through cash from historical equity and debt financing activities. As of December 31, 2023, 2024 and 2025, our cash, cash equivalents and restricted cash were RMB306.9 million, RMB234.2 million and RMB246.5 million (US$35.2 million), respectively. Our cash and cash equivalents primarily consist of cash in bank and deposits with original maturities of three months or less. As of December 31, 2023, 2024 and 2025, our prepaid expenses and other current assets were RMB94.8 million, RMB82.5 million and RMB101.1 million (US$14.5 million), respectively. Our prepaid expenses and other current assets primarily consist of prepaid value added taxes, prepaid other service fees, deposits, receivables from third-party payment platforms, interest receivables, prepaid rental expenses, receivables for disposal of property and equipment and others.

We believe that our current cash, cash equivalents and restricted cash and expected cash provided by operating activities will be sufficient to meet our current and anticipated working capital requirements and capital expenditures for the next twelve months. We may, however, need additional cash resources in the future if we experience changes in business conditions or other developments. We may also need additional cash resources in the future if we identify and wish to pursue opportunities for investment, acquisition, capital expenditure or similar actions.

As of December 31, 2025, 69.4% and 30.6% of our cash and cash equivalents were held in mainland China and Hong Kong, respectively, of which 53.7% were denominated in Renminbi and 46.3% were denominated in U.S. dollars. As of December 31, 2025, 83.3% of cash and cash equivalents were held by the VIEs and their subsidiaries.

Although we consolidate the results of the VIEs and their subsidiaries, we only have access to the assets or earnings of the VIEs and their subsidiaries through our contractual arrangements with the VIEs and their shareholders. See “Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Respective Shareholders.” For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see “—Organizational Structure.”

All of our revenues have been, and we expect they are likely to continue to be, in the form of Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our mainland China subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, current mainland China regulations permit our mainland China subsidiaries to pay dividends to us only out of its accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. Our mainland China subsidiaries are required to set aside at least 10% of its after-tax profits after making up previous years’ accumulated losses each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves are not distributable as cash dividends. Historically, our mainland China subsidiaries have not paid dividends to us, and they will not be able to pay dividends until they generate accumulated profits. Furthermore, capital account transactions, which include foreign direct investment and loans, must be approved by and/or registered with SAFE, its local branches and certain local banks. As a Cayman Islands exempted company and offshore holding company, we are permitted under PRC laws and regulations to provide funding to our mainland China subsidiaries only through loans or capital contributions, subject to the approval, filings or registration of government authorities and limits on the amount of capital contributions and loans. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Mainland China regulation of loans to and direct investment in mainland China entities by offshore holding companies and governmental regulation of currency conversion may delay or prevent us from making loans or additional capital contributions to our mainland China subsidiaries and the VIEs in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.”

Operating Activities

Net cash generated from operating activities in 2025 was RMB37.3 million (US$5.3 million). The difference between net cash generated from operating activities and net loss of RMB154.4 million (US$22.1 million) in the same period was due to adjustments for noncash items that primarily include share-based compensation of RMB30.8 million (US$4.4 million), depreciation of property and equipment of RMB10.0 million (US$1.4 million), noncash lease expenses of RMB5.8 million (US$0.8 million) and reversal of expected credit loss of RMB0.8 million (US$0.1 million), and changes in operating assets and liabilities that primarily include an increase of RMB125.5 million (US$17.9 million) in deferred revenue and customer advances, a decrease of RMB25.2 million (US$3.6 million) in accounts receivable, an increase of RMB18.9 million (US$2.7 million) in accrued expenses and other current liabilities, an increase of RMB18.3 million (US$2.6 million) in prepaid expenses and other current assets, partially offset by a decrease of RMB5.4 million (US$0.8 million) in operating lease liabilities.

Net cash used in operating activities in 2024 was RMB139.2 million. The difference between net cash used in operating activities and net loss of RMB192.9 million in the same period was due to adjustments for noncash items that primarily include share-based compensation of RMB61.9 million, expected credit loss of RMB12.3 million, depreciation of property and equipment of RMB12.3 million and noncash lease expenses of RMB9.7 million, and changes in operating assets and liabilities that primarily include a decrease of RMB23.0 million in accrued expenses and other current liabilities, an increase of RMB20.6 million in accounts receivable, a decrease of RMB6.2 million in operating lease liabilities and a decrease of RMB4.5 million in deferred revenue and customer advances, partially offset by a decrease of RMB13.6 million in prepaid expenses and other current assets.

Net cash used in operating activities in 2023 was RMB212.1 million. The difference between net cash used in operating activities and net loss of RMB311.8 million in the same period was due to adjustments for noncash items that primarily include share-based compensation of RMB83.7 million, depreciation of property and equipment of RMB16.2 million and noncash lease expenses of RMB16.8 million, and changes in operating assets and liabilities that primarily include an increase of RMB31.2 million in accounts receivable, a decrease of RMB23.7 million in accrued expenses and other current liabilities, partially offset by a decrease of RMB30.6 million in prepaid expenses and other current assets.

Investing Activities

Net cash used in investing activities in 2025 was RMB41.6 million (US$5.9 million), primarily due to proceed from maturity of term deposit of RMB1,047.4 million (US$149.8 million), partially offset by purchase of term deposits of RMB1,082.8 million (US$154.8 million) and purchase of property and equipment and other assets of RMB6.9 million (US$1.0 million).

Net cash generated from investing activities in 2024 was RMB35.6 million, primarily due to proceed from maturity of term deposit of RMB49.0 million, partially offset by purchase of property and equipment and other assets of RMB9.4 million and purchase of term deposits of RMB4.3 million.

Net cash used in investing activities in 2023 was RMB161.1 million, primarily due to investment in term deposit of RMB169.8 million and purchase of property and equipment and other assets of RMB26.6 million, partially offset by proceeds from disposal of available-for-sale investments of RMB19.5 million and proceeds from disposal of property and equipment of RMB15.7 million.

Financing Activities

Net cash generated from financing activities in 2025 was RMB25.5 million (US$3.6 million), primarily attributable to proceed from the issuance of 18,252,336 Class A ordinary shares and 83,093,664 Class B ordinary shares to Mr. Andy Chang Liu, our founder, chairman and chief executive officer of RMB28.9 million (US$4.1 million), partially offset by repurchase of ordinary shares of RMB3.5 million (US$0.5 million).

Net cash generated from financing activities in 2024 was RMB21.3 million, primarily attributable to proceed from the issuance of 58,453,168 Class B ordinary shares to Mr. Andy Chang Liu, our founder, chairman and chief executive officer of RMB22.4 million, partially offset by repurchase of ordinary shares of RMB1.1 million.

Net cash used in financing activities in 2023 was RMB51.4 million, primarily attributable to repurchase of ordinary shares of RMB51.4 million.

Material Cash Requirements

Our material cash requirements as of December 31, 2025 mainly included capital expenditure and operating lease obligations. Our material cash requirements as of December 31, 2024 mainly included capital expenditure and operating lease obligations.

Our capital expenditures are primarily related to leasehold improvements and purchase of electronic equipment. Our capital expenditures were RMB26.6 million, RMB9.4 million and RMB6.9 million (US$1.0 million)in 2023, 2024 and 2025, respectively.

Our operating lease obligations relate to our leases of offices and operation space. The following table sets forth our operating lease obligations as of December 31, 2025.

	Total	Within one year	One to three years	Three to five years	More than five years
			(RMB in thousands)		
Operating lease commitments[(1)]	16,263	5,870	9,852	541	—

Note:

(1)Represents minimum payments under non-cancelable operating leases related to offices, excluding short-term leases.

We intend to fund our existing and future material cash requirements with our existing cash balance and cash flow from operating activities. We will continue to make cash commitments, including capital expenditures, to meet the expected growth of our business.

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's 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 product development services with us.

Other than as shown above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2025.

Holding Company Structure

17 Education & Technology Group Inc. is a holding company with no material operations of its own. We conduct our operations primarily through our mainland China subsidiaries, the VIEs and their subsidiaries in mainland China. As a result, our ability to pay dividends depends upon dividends paid by our mainland China subsidiaries. If our existing mainland China subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiaries in mainland China are permitted to pay dividends to us only out of its accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and the VIEs in mainland China are required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of their registered capital. In addition, our wholly foreign-owned subsidiaries and the VIEs may allocate a portion of its after-tax profits based on PRC accounting standards to a surplus fund at their discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of mainland China is subject to examination by the banks designated by SAFE. Our mainland China subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

C.Research and Development, Patents and Licenses, etc.

See “Item 4. Information On the Company—B. Business Overview—Technology,” “—Data Privacy and Security” and “—Intellectual Property.”

D.Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any material trends in our sales, costs and selling prices for the period since January 1, 2026. Additionally, 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, 2025 that are reasonably likely to have a material effect on our revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions.

E.Critical Accounting Estimates

We prepare financial statements in accordance with GAAP, which requires us to make judgments, estimates and assumptions that affect the reported amounts of our assets and liabilities and the disclosure of our contingent assets and liabilities at the end of each fiscal period and the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and assumptions that we believe to be reasonable, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. We believe the following accounting estimates involve the most significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Our contracts with customers may include promises to transfer multiple goods and services. Determining whether different goods and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

For the year ended December 31, 2025, we derived revenue primarily from our teaching and learning SaaS offering.

For teaching and learning SaaS offerings contracts where we provide customers an access to our hosted applications and platforms on a subscription model, we identify SaaS subscription as one performance obligation and recognize revenue ratably over the subscription period. In certain contracts where customers also purchase proprietary hardware which is adapted to the subscribed SaaS, the hardware provides additional and elevated functionalities when paired with subscribed SaaS. The hardware could not be used and sold separately without our teaching and learning SaaS offerings. Therefore, we determine the hardware and subscribed SaaS represent one performance obligation, as they are highly interdependent and interrelated, and the related revenue is recognized ratably over the SaaS subscription period. We elected to apply the practical expedient to account for the lease component and the non-lease component as a combined non-lease component. The timing and pattern of control transfer of the hardware lease component and subscribed SaaS service component are the same. Accordingly, the related revenue is recognized ratably over the SaaS subscription period.

For teaching and learning SaaS offerings contracts that contain purchasing of software license and SaaS subscription, we conclude that software license and subscribed SaaS are distinct since each of their functionalities has utility on their own. The customer can obtain utility from the software license without the SaaS, and the customer can also benefit from the SaaS with readily available resources. We may also provide technical support for purchased software license as post-delivery maintenance services, which is considered as a separate performance obligation. In contracts where customers purchase software license, maintenance service and subscribed SaaS, we allocate the transaction price to each of the performance obligations based on their relative standalone selling prices. We recognize revenue of software license over a period of time during which the control of software license is progressively transferred to customers as our service creates, customizes and enhances the software that the customer controls. The measure of progress is based on costs incurred as compared with total estimated budget costs. For the subscribed SaaS, the revenue is recognized ratably over the subscription period. Revenue of maintenance service is recognized over the service period and was immaterial for the periods presented. In certain SaaS subscription contracts, instead of purchasing, the customers lease and utilize the hardware for the SaaS subscription period. We assessed and determined that the leases of hardware are operating leases, and the non-lease component of subscribed SaaS service is the predominant component. For certain contracts, the customers may only purchase hardware and we recognize revenue of hardware when the control of the hardware is transferred to the customers.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A.Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Andy Chang Liu	47	Founder, Chairman and Chief Executive Officer
Kuanghao Zhang	39	Senior Vice President
Na Ai	47	Director and Vice President
Sishi Zhou	37	Chief Financial Officer
Gui Jia	42	Independent Director
Bing Yuan	57	Independent Director
Minghui Wu	44	Independent Director

Mr. Andy Chang Liu is our founder and has served as our chief executive officer since our inception and our director since February 2013. Mr. Liu worked as principal of Shenyang New Oriental School and assistant vice president at Beijing New Oriental Education & Technology Group from May 2010 to May 2011, and prior to that, as principal of Changchun New Oriental School from March 2005 to May 2010, and as an English teacher from July 2003 to February 2005. Mr. Liu received his bachelor’s degree and master’s degree in chemical engineering and technology from Tianjin University in 2001 and 2004, respectively.

Mr. Kuanghao Zhang has worked as our senior vice president since August 2018, in which capacity he oversees our after-school business. Prior to joining us, Mr. Zhang worked in several positions at TAL Education Group (NYSE: TAL), specifically in its www.xueersi.com online education services business unit from 2011 to 2018 and its offline Xueersi Peiyou small class and Mobby business unit from 2008 to 2011. The key functions Mr. Zhang was in charge of at www.xueersi.com included instructor training, learning and internet product design and R&D, user experience and research, project management, online traffic acquisition, courseware development and question bank production. His key role at TAL Education Group's offline operations included Xueersi Peiyou small class's head of primary school content development team and head of Mobby's primary school operation. Mr. Zhang received his bachelor's degree in mathematics and applied mathematics from Liaocheng University in 2008.

Ms. Na Ai has served as our director since December 2023 and our vice president of the human resources, or HR, department since April 2015. Prior to joining us, she served as the head of the HR department at Weibo (NASDAQ: WB and HKEX: 9898), a leading social media in China, from May 2012 to March 2015. Prior to that, Ms. Ai held multiple roles at Lenovo (HKEX: 992), a multinational technology company in China, including HR director and HR senior manager at the research and technology department from July 2008 to July 2011 and from July 2005 to July 2008, respectively. She also served as an operation manager and corporate development supervisor at Lenovo Research from June 2003 to July 2005 and from July 2001 to June 2003, respectively. Ms. Ai received her bachelor's degree in economics and hotel management from Beijing International Studies University in July 1999.

Ms. Sishi Zhou has served as our chief financial officer since March 2026. Ms. Zhou joined our Company in December 2020, served as our finance director from June 2022 to June 2025, and was appointed as our acting chief financial officer in June 2025. She is primarily responsible for our overall financial operations, including financial reporting, business analysis, budgeting, compliance, treasury and taxation. She also leads the strategy department of our Company to manage strategic planning and key corporate initiatives. Prior to joining us, Ms. Zhou held multiple advisory positions in strategic finance at Shell plc (China), and served as Senior Finance Manager in multiple organizations as well as Senior Auditor at PwC Zhong Tian CPAs LLP. Ms. Zhou received her dual bachelor's degrees in accounting and law from Tsinghua University in 2011 and her MBA from Peking University's Guanghua School of Management in 2023.

Mr. Gui Jia has served as our independent director since June 2025. Mr. Jia has over 14 years of experience in fintech and education industries. Since 2016, he has served as co-founder and chief operating officer of Hunan Niutoubang Technology Co., Ltd., a digital wealth management solutions provider. From 2014 to 2016, Mr. Jia served as executive assistant to the chief executive officer of Credit Ease Wealth Management (Beijing) Co., Ltd., a wealth management firm headquartered in Beijing, China. From 2009 to 2013, Mr. Jia held multiple managerial positions in education technology companies such as New Oriental Education and Technology Inc. (NYSE: EDU). Mr. Jia received his bachelor's degree in applied physics in 2007 and his master's degree in condensed matter physics in 2009, both from University of Science and Technology Beijing.

Mr. Bing Yuan has served as our independent director since December 2020. Mr. Yuan is a co-founder and the managing partner of Rockets Capital. Founded in 2022, Rockets Capital is a China-based private equity firm focused on venture and growth stage investments in Smart EV industry value chain, clean energy and frontier technology areas. Prior to co-founding Rockets Capital, Mr. Yuan served as the chief operating officer of Hony Capital, and a member of Hony Capital's executive committee, responsible for its equity investment operations. Mr. Yuan joined Hony Capital in April 2009 and has served as a managing director of private equity department since January 2010, and as head of private equity department since July 2012. Prior to joining Hony Capital, Mr. Yuan served as a managing director of the special situation group of Morgan Stanley Asia Limited from 2008 to 2009. Before that, Mr. Yuan served as a managing director of the investment banking division of Morgan Stanley Asia Limited from April 2004 to June 2008. Prior to that, Mr. Yuan served as a vice president with Credit Suisse First Boston in Hong Kong and New York from August 1998 to March 2004, focusing on corporate finance and merger & acquisitions transactions in the technology, media and telecom industry. During his investment banking time, Mr. Yuan assisted numerous prominent Chinese state-owned enterprises and private sector companies in completing their initial public offerings, corporate finance and merger & acquisition transactions. Mr. Yuan also worked as a financial analyst in project finance with Fieldstone Private Equity LLP in New York from 1993 to 1995. Mr. Yuan received his bachelor's degree in English from Nanjing University in July 1990 and received his master's degree in international relations in June 1993 and his Juris Doctor degree in June 1998 from Yale University.

Mr. Minghui Wu has served as our independent director since December 2021. Mr. Wu is founder, executive director, chairman, chief executive officer and chief technology officer of MiningLamp Technology Co. Ltd. (HKEX: 2718), or MiningLamp, a leading AI and data analytics company he founded in 2014 that helps organizations with AI-driven digital transformation. Mr. Wu is also a joint creator of the HAO AI theoretical framework. Mr. Wu has over 20 years of experience in artificial intelligence, data analytics, and software engineering, and holds more than 130 patents in China and internationally. Mr. Wu received a bachelor's degree in fundamental mathematics and a master's degree in computer software and theory from Peking University. He is currently pursuing a doctoral degree in Electronic and Information Engineering at Peking University.

B.Compensation of Directors and Executive Officers

For the year ended December 31, 2025, we paid an aggregate of RMB5.1 million (US$0.7 million) in cash to our executive officers and our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries and the VIEs are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund.

Share Incentive Plan

2015 Share Option Plan

In September 2020, we adopted the Fifth Amended and Restated 2015 Share Option Plan, which replaced and superseded the previous amended and restated 2015 share option plan and we refer to as the 2015 Plan in this annual report, to secure and retain the services of valuable employees, directors or consultants and provide incentives for such persons to exert their best efforts for the success of our business. On April 23, 2025, our board of directors approved an amendment to the 2015 Plan, namely the Sixth Amended and Restated 2015 Share Option Plan, to extend the expiration date of the 2015 Plan to December 31, 2035.

The maximum aggregate number of ordinary shares that may be issued pursuant to all awards under the 2015 Plan is 59,899,375 ordinary shares. As of February 28, 2026, options to purchase 9,608,821 ordinary shares under the 2015 Plan have been granted and remain outstanding, excluding options that were exercised, forfeited or canceled after the relevant grant dates, no unvested restricted shares are outstanding.

The following paragraphs summarize the principal terms of the 2015 Plan.

Grant of options. The 2015 Plan permits us to grant a certain amount of options to eligible employees to subscribe for a specified number of our ordinary shares at a specified price during specified time periods.

Plan Administration. The 2015 Plan is subject to the administration of our board of directors, whose decision as to all matters arising in relation to the 2015 Plan or its interpretation or effect should be final and binding on all parties, except as otherwise provided under the 2015 Plan.

Award Letter. Options granted under the 2015 Plan are evidenced by an award letter that sets forth the terms, conditions and limitations for each award, which is subject to any modification as determined by our board of directors from time to time.

Eligibility. We may grant options to full-time employees or directors of our company or the subsidiaries or VIEs of our company or any other persons, who devote substantially all of their time and efforts to our business, management and operation, as determined by our board of directors.

Vesting Schedule. The 2015 Plan sets forth several different types of vesting schedule. The applicable vesting schedule, or other vesting schedule as may be otherwise determined by our board of directors, for each grantee is specified in the relevant award letter.

Exercise of Options. Subject to certain terms and conditions under the 2015 Plan, an option cannot be exercised prior to the 180th day after the completion of our initial public offering. Subject to certain terms and conditions under the 2015 Plan, an option may be exercised by the grantee at any time or times following the 180th day after the completion of our initial public offering in accordance with the applicable vesting schedule before the expiration date. Our board of directors determines the exercise price for each option grant in its absolute discretion, which in any event should not be less than the par value of the share and is stated in the relevant award letter. The date of expiration of each grant may be determined by our board of directors, which should not be later than December 31, 2035.

Transfer Restrictions. Options granted under the 2015 Plan are not assignable, and grantees may not in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do, except with the prior written consent of our board of directors from time to time.

Termination and Amendment. Unless terminated earlier, the 2015 Plan has a term from its date of effectiveness to December 31, 2035. We may at any time terminate the 2015 Plan by an ordinary resolution of the shareholders or a resolution of our board of directors. The 2015 Plan and the terms and conditions of any outstanding option may be altered in any respect by a resolution of our board of directors in accordance with the shareholders agreement and the memorandum and articles of association of the company for the time being in force. However, no termination or alteration of the 2015 Plan may adversely affect the terms of issue of options previously granted under the 2015 Plan.

2018 Share Option Plan

In September 2020, we adopted the Second Amended and Restated 2018 Share Option Plan, which replaced and superseded the previous amended and restated 2018 share option plan and we refer to as the 2018 Plan in this annual report, to secure and retain the services of valuable employees, directors or consultants and provide incentives for such persons to exert their best efforts for the success of our business. On April 23, 2025, our board of directors approved an amendment to the 2018 Plan, namely the Third Amended and Restated 2018 Share Option Plan, to extend the expiration date of the 2018 Plan to December 31, 2035.

The maximum aggregate number of ordinary shares that may be issued pursuant to all awards under the 2018 Plan is 25,703,602 ordinary shares. As of February 28, 2026, options to purchase 119,794 ordinary shares under the 2018 Plan have been granted and remain outstanding, excluding options that were exercised, forfeited or canceled after the relevant grant dates, no unvested restricted shares are outstanding.

The following paragraphs summarize the principal terms of the 2018 Plan.

Grant of options. The 2018 Plan permits us to grant a certain amount of options to eligible employees to subscribe for a specified number of our ordinary shares at a specified price during specified time periods.

Plan Administration. The 2018 Plan shall be subject to the administration of our board of directors, whose decision as to all matters arising in relation to the 2018 Plan or its interpretation or effect should be final and binding on all parties, except as otherwise provided under the 2018 Plan.

Award Letter. Options granted under the 2018 Plan are evidenced by an award letter that sets forth the terms, conditions and limitations for each award, which is subject to any modification as determined by our board of directors from time to time.

Eligibility. We may grant options to full-time employees or directors of our company or the subsidiaries or VIEs of our company or any other persons, who devote substantially all of their time and efforts to our business, management and operation, as determined by our board of directors.

Vesting Schedule. The 2018 Plan sets forth several different types of vesting schedule. The applicable vesting schedule, or other vesting schedule as may be otherwise determined by our board of directors, for each grantee is specified in the relevant award letter.

Exercise of Options. Subject to certain terms and conditions under the 2018 Plan, an option cannot be exercised prior to the 180^{th} day after the completion of our initial public offering. Subject to certain terms and conditions under the 2018 Plan, an option may be exercised by the grantee at any time or times following the 180^{th} day after the completion of our initial public offering in accordance with the applicable vesting schedule before the expiration date. Our board of directors determines the exercise price for each option grant in its absolute discretion, which in any event should not be less than the par value of the share and is stated in the relevant award letter. The date of expiration of each grant may be determined by our board of directors, which should not be later than December 31, 2035.

Transfer Restrictions. Options granted under the 2018 Plan are not assignable, and grantees may not in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do, except with the prior written consent of our board of directors from time to time.

Termination and Amendment. Unless terminated earlier, the 2018 Plan has a term from its date of effectiveness to December 31, 2035. We may at any time terminate the 2018 Plan by an ordinary resolution of the shareholders or a resolution of our board of directors. The 2018 Plan and the terms and conditions of any outstanding option may be altered in any respect by a resolution of our board of directors in accordance with the shareholders agreement and the memorandum and articles of association of the company for the time being in force. However, no termination or alteration of the 2018 Plan may adversely affect the terms of issue of options previously granted under the 2018 Plan.

2020 Share Incentive Plan

In November 2020, we adopted the 2020 share incentive plan, which was subsequently amended on March 8, 2022, to secure and retain the services of valuable employees, directors or consultants and provide incentives for such persons to exert their best efforts for the success of our business. We refer to this plan, as amended, as the 2020 Plan in this annual report. On April 23, 2025, our board of directors approved an amendment to the 2020 Plan, namely the Second Amended and Restated 2020 Share Option Plan, to extend the expiration date of the 2020 Plan to December 31, 2035.

The maximum aggregate number of ordinary shares that may be issued pursuant to all awards under the 2020 Plan is initially 20,521,221 ordinary shares, plus an annual increase on the first day of each fiscal year during the ten-year term of the plan commencing with the fiscal year beginning January 1, 2021, by an amount equal to 2.0% of the total number of issued and outstanding shares (on an as-converted fully diluted basis) on the last day of the immediately preceding fiscal year and the number of ordinary shares repurchased by the Company from time to time pursuant to share repurchase programs of the Company, or such lesser number as determined by the chief executive officer of the Company. As of February 28, 2026, the maximum aggregate number of ordinary shares that may be issued pursuant to all awards under the 2020 Plan is 234,847,780 ordinary shares. As of February 28, 2026, options to purchase 78,463,250 ordinary shares under the 2020 Plan have been granted and remain outstanding, and 5,130,305 restricted share units under the 2020 Plan were granted to Mr. Andy Chang Liu, our founder, chairman and chief executive officer, each evidencing the rights to receive one Class B ordinary share upon vesting. The 5,130,305 restricted share units granted to Mr. Liu had become fully vested upon the completion of our initial public offering. As of the date of this report, 142,416,662 ordinary shares remain available to be issued pursuant to future grants of options under the 2020 Plan.

The following paragraphs summarize the principal terms of the 2020 Plan.

Type of Awards. The plan permits the awards of options, restricted shares, restricted share units or any other type of awards approved by the plan administrator.

Plan Administration. Our board of directors or a committee of one or more members of the board of directors will administer the plan. The committee or the full board of directors, as applicable, will determine the participants to receive awards, the type and number of awards to be granted to each participant, and the terms and conditions of each award granted.

Award Agreement. Awards granted under the plan are evidenced by an award agreement that sets forth the terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee’s employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to our employees, directors and consultants. However, we may grant options that are intended to qualify as incentive share options only to our employees and employees of our subsidiaries.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of Awards. The plan administrator determines the exercise or purchase price, as applicable, for each award, which is stated in the relevant award agreement. Options that are vested and exercisable will terminate if they are not exercised prior to the time as the plan administrator determines at the time of grant. However, the expiration date is December 31, 2035.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

Termination and Amendment. Unless terminated earlier, the plan has a term from its date of effectiveness to December 31, 2035. Our board of directors has the authority to terminate, amend or modify the plan, provided that we shall obtain shareholder approval to the extent necessary to comply with applicable law or stock exchange rules, unless we decide to follow home country practice. However, without the prior written consent of the participant, no such action may adversely affect in any material way any outstanding award previously granted pursuant to the plan.

As of February 28, 2026, our employees other than directors and executive officers as a group held options to purchase 83,591,865 ordinary shares, each with an exercise price of US$0.0014 per share.

The following table summarizes, as of February 28, 2026, the outstanding options that we had granted to our directors and executive officers.

Name	Ordinary Shares Underlying Outstanding Options		Exercise Price (US$/Share)	Date of Grant	Date of Expiration
Kuanghao Zhang	800,000		0.0014	July 10, 2021	July 10, 2031
	800,000		0.0014	January 10, 2022	January 10, 2032
	10,000,000		0.0014	October 10, 2025	October 10, 2035
	5,000,000	*	0.0014	October 10, 2025	October 10, 2035
Na Ai	400,000		0.0014	July 10, 2021	July 10, 2031
	400,000		0.0014	January 10, 2022	January 10, 2032
	5,000,000		0.0014	October 10, 2024	October 10, 2034
Sishi Zhou	23,360		0.0014	January 10, 2021	January 10, 2031
	25,000		0.0014	July 10, 2021	July 10, 2031
	900,000		0.0014	October 10, 2024	October 10, 2034
	3,000,000		0.0014	October 10, 2025	October 10, 2035
	2,000,000	*	0.0014	October 10, 2025	October 10, 2035
Total	**28,348,360**				

Note:

* These options are subject to market conditions and will vest in tranches upon the achievement of certain market capitalization targets within a certain period.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause upon a 60-day advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as may be agreed between the executive officer and us. The executive officer may resign at any time with a 60-day advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our customers or prospective customers, or the confidential or proprietary information of any third-party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment.

Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, direct or end customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; (iii) seek directly or indirectly, to solicit the employment or services of, or hire or engage, any person who is known to be employed or engaged by us; or (iv) otherwise interfere with our business or accounts.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

C.Board Practices

Board of Directors

Our board of directors consists of five directors. A director is not required to hold any shares in our company by way of qualification. A director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with our company is required to declare the nature of his or her interest at a meeting of our directors. Subject to the Nasdaq rules and disqualification by the chairman of the relevant board meeting, a director may vote with respect to any contract or transaction, or proposed contract or transaction, notwithstanding that he or she may be interested therein, and if he or she does so his or her vote shall be counted and he or she may be counted in the quorum at any meeting of our directors at which any such contract or transaction or proposed contract or transaction is considered. Our directors may exercise all the powers of our company to raise or borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, and to issue debentures or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We have established three committees under the board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Bing Yuan, Gui Jia and Minghui Wu. Bing Yuan is the chairperson of our audit committee. We have determined that each of Bing Yuan, Gui Jia and Minghui Wu satisfy the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules and Rule 10A-3 under the Exchange Act. We have determined that Bing Yuan qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and

•monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of Bing Yuan, Gui Jia and Minghui Wu. Gui Jia is the chairperson of our compensation committee. We have determined that each of Bing Yuan, Gui Jia and Minghui Wu satisfy the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

•reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;

•reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;

•reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and

•selecting a compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Bing Yuan, Gui Jia and Minghui Wu. Minghui Wu is the chairperson of our nominating and corporate governance committee. We have determined that Bing Yuan, Gui Jia and Minghui Wu satisfy the "independence" requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

•selecting and recommending to the board nominees for election by the shareholders or appointment by the board;

•reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;

•making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and

•advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly, and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company;
- and approving the transfer of shares in our company, including the registration of such shares in our register of members.

Terms of Directors and Officers

Our directors may be appointed by the affirmative vote of a simple majority of our board of directors present and voting at a board meeting, or by an ordinary resolution of our shareholders. The service of our independent directors has an initial term of two years and may be terminated by the director or by us with a 30-day advance written notice or such other shorter period of notice as mutually agreed. A director may be removed from office by the affirmative vote of two-thirds (2/3) of the directors then in office (except with regard to the removal of the chairman, who may only be removed from office by the affirmative vote of all directors), or by an ordinary resolution of our shareholders (except with regard to the removal of the chairman, who may only be removed from office by a special resolution of our shareholders). In addition, a director will cease to be a director if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his or her creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his or her office by notice in writing to our company; (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our directors resolve that his or her office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Our officers are appointed by and serve at the discretion of the board of directors, and may be removed by our board of directors.

D.Employees

We had a total of 503, 340 and 1,017 employees as of December 31, 2023, 2024 and 2025, respectively. As of December 31, 2025, substantially all of our employees were based in mainland China. The following table sets forth the numbers of our full-time employees categorized by function as of December 31, 2025:

Function	**Number of Employees**
Content development	17
Technology	67
Operation	189
Sales and marketing	684
General and administrative	60
Total	**1,017**

We enter into standard labor contracts with our full-time employees with non-compete and confidentiality provisions. In addition to salaries and benefits, we generally provide performance-based bonuses for our full-time employees and commission-based compensation for our sales and marketing staff members.

Under the applicable regulations in mainland China, we are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based.

We believe that we maintain a good working relationship with our employees, and we have not experienced any major labor disputes.

E.Share Ownership

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of February 28, 2026 by:

•each of our directors and executive officers; and

•each of our principal shareholders who beneficially owns 5% or more of our total outstanding ordinary shares.

The calculations in the table below are based on 342,784,388 Class A ordinary shares and 200,000,000 Class B ordinary shares issued and outstanding as of February 28, 2026.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned				
	Class A Ordinary Shares	**Class B Ordinary Shares**	**Total Ordinary Shares**	**% of Beneficial Ownership**	**% of Aggregate Voting Power**
Directors and Executive Officers*:					
Andy Chang Liu[(1)]	18,374,436	200,000,000	218,374,436	40.2	94.9
Kuanghao Zhang[(2)]	12,448,333	—	12,448,333	2.3	0.2
Na Ai[(3)]	6,333,333	—	6,333,333	1.2	0.1
Sishi Zhou[(4)]	1,648,360	—	1,648,360	0.3	—
Gui Jia	—	—	—	—	—
Bing Yuan	—	—	—	—	—
Minghui Wu	—	—	—	—	—
All Directors and Executive Officers as a Group	38,804,462	200,000,000	238,804,462	44.0	95.2
Principal Shareholders:					
Fluency Holding Ltd.[(1)]	—	58,453,168	58,453,168	10.8	27.6
Future Glory Technology Holdings Limited[(1)]	18,363,336	141,546,832	159,910,168	29.5	67.2
H Capital Entities[(5)]	57,973,086	—	57,973,086	10.7	0.9
Walden Investments Entities[(6)]	35,592,848	—	35,592,848	6.6	0.6

Notes:

* Except as indicated otherwise below, the business address of our directors and executive officers is 16/F, Block B, Wangjing Greenland Center, Chaoyang District, Beijing 100102, People's Republic of China. The business address of Gui Jia is 2/F, Building 16 ,Wangjing Zhonghuan South Road, Chaoyang District, Beijing, China. The business address of Bing Yuan is No. 17 Yulu Road, New World Lizun, Shunyi District, Beijing, People's Republic of China. The business address of Mr. Minghui Wu is China Cyberport Building, No. 1 Wangjing North Road, Chaoyang District, Beijing, China.

† For each person or group included in this column, percentage of total voting power represents voting power based on both Class A and Class B ordinary shares held by such person or group with respect to all outstanding shares of our Class A and Class B ordinary shares as a single class. Each holder of our Class A ordinary shares is entitled to one vote per share. Each holder of our Class B ordinary shares is entitled to thirty votes per share. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one-for-one basis, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

(1)Represents (i) 11,100 Class A ordinary shares held in the form of ADSs, (ii) 58,453,168 Class B ordinary shares held by Fluency Holding Ltd., a British Virgin Islands limited liability company, and (iii) 18,363,336 Class A ordinary shares, among which 111,000 Class A ordinary shares were held in the form of ADS, and 141,546,832 Class B ordinary shares held by Future Glory Technology Holdings Limited, a British Virgin Islands limited liability company. Fluency Holding Ltd. is wholly owned by Simple Prosperity Limited, which is wholly owned by Vista Trust (Singapore) Pte. Limited, the trustee of Sunny Trust. Mr. Andy Chang Liu is the settler of Sunny Trust, and Mr. Andy Chang Liu and his family members are the beneficiaries of Sunny Trust. The business address of Fluency Holding Ltd. is

Quastislcy Building, PO Box 4389, Road Town, Tortola, British Virgin Islands. Future Glory Technology Holdings Limited is wholly-owned by Future Adventures Investment Holdings Limited, a company incorporated under the laws of British Virgin Islands and wholly-owned by Mr. Andy Chang Liu. The business address of Future Glory Technology Holdings Limited is Craigmuir Chambers, Road Town, Tortola VG 1110, British Virgin Islands. An aggregate of 6,611,302 Class B ordinary shares held by Fluency Holding Ltd. and 18,252,336 Class A ordinary shares and 141,546,832 Class B ordinary shares held by Future Glory Technology Holdings Limited have been pledged as collateral for certain secured loans.

(2)Represents (i) 4,000,000 Class A ordinary shares held by Mr. Kuanghao Zhang, (ii) 3,515,000 Class A ordinary shares in the form of ADSs held by Mr. Kuanghao Zhang, and (iii) 4,933,333 Class A ordinary shares Mr. Kuanghao Zhang has the right to acquire upon exercise of share options within 60 days of February 28, 2026.

(3)Represents (i) 2,200,000 Class A ordinary shares held by Ms. Na Ai, and (ii) 4,133,333 Class A ordinary shares Ms. Na Ai has the right to acquire upon exercise of share options within 60 days of February 28, 2026.

(4)Represents 1,648,360 Class A ordinary shares Ms. Sishi Zhou has the right to acquire upon exercise of share options within 60 days of February 28, 2026.

(5)Represents (i) 22,308,979 Class A ordinary shares held by H Capital I, L.P., (ii) 13,552,176 Class A ordinary shares held by H Capital II, L.P., (iii) 12,611,931 Class A ordinary shares held by H Capital IV, L.P., and (iv) 9,500,000 Class A ordinary shares represented by 190,000 ADSs, held by H Capital V, L.P. Information regarding beneficial ownership is reported as of December 31, 2021, based on the information contained in the Schedule 13G jointly filed by H Capital I, L.P., H Capital I GP, L.P., H Capital I GP, Ltd., H Capital II, L.P., H Capital D GP, L.P., H Capital D GP, Ltd., H Capital IV, L.P., H Capital IV GP, L.P., H Capital IV GP, Ltd., H Capital V, L.P., H Capital V GP, L.P. and H Capital V GP, Ltd. and Xiaohong Chen with SEC on February 16, 2021. H Capital I, L.P., H Capital II, L.P., H Capital IV, L.P. and H Capital V, L.P., or H Capital Entities, were incorporated in Cayman Islands. H Capital I, L.P. is controlled by H Capital I GP, L.P., which is controlled by H Capital I GP, Ltd. H Capital II, L.P. is controlled by H Capital II GP, L.P., which is controlled by H Capital II GP, Ltd. H Capital IV, L.P. is controlled by H Capital IV GP, L.P., which is controlled by H Capital IV GP, Ltd. H Capital V, L.P. is controlled by H Capital V GP, L.P., which is controlled by H Capital V GP, Ltd. Xiaohong Chen is the controller of H Capital I GP, Ltd., H Capital II GP, Ltd., H Capital IV GP, Ltd. and H Capital V GP, Ltd. The business address of H Capital Entities is Floor 4, Willow, House, Cricket Square, PO Box 268, Grand Cayman KY1-1104, Cayman Islands.

(6)Represents (i) 25,550,628 Class A ordinary shares in the form of 511,013 ADSs held by Walden Investments Group Limited, a British Virgin Islands limited liability company, (ii) 10,000,000 Class A ordinary shares in the form of 200,000 ADS, held by Success Tycoon Limited, a British Virgin Islands limited liability company, and (iii) 42,220 Class A ordinary shares in the form of 844 ADSs, held by Mr. Sunwei Chen. Information regarding beneficial ownership is reported as of December 31, 2025, based on the information contained in the Schedule 13G/A jointly filed by Sunwei Chen, Walden Investments Group Limited, and Success Tycoon Limited with SEC on February 13, 2026. Walden Investments Group Limited and Success Tycoon Limited are wholly-owned by Mr. Sunwei Chen. The business address of Sunwei Chen is c/o 16/F, Shing Lee Commercial Building, 8 Wing Kut Street, Central, Hong Kong. The business address of Walden Investments Group Limited is 16/F, Shing Lee Commercial Building, 8 Wing Kut Street, Central, Hong Kong. The business address of Success Tycoon Limited is Vistra Corporate Services Centre, Wickham Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

To our knowledge, as of February 28, 2026, 268,268,835 of our ordinary shares were held by record holders in the United States, which was The Bank of New York Mellon, the depositary of our ADS program. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to thirty votes per share.

As of the date of this annual report, none of our ordinary shares are held by governmental entities of our place of incorporation, and no government entity in the place where our registered public accounting firm is located and organized has a controlling financial interest in our company.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

F.Disclosure of a Registrant’s Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A.Major Shareholders

See “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

B.Related Party Transactions

Contractual Arrangements with the VIEs

See “Item 4. Information on the Company—C. Organizational Structure.”

Employment Agreements and Indemnification Agreements

See "Item 6. Directors, Senior Management and Employees—B. Compensation of Directors and Executive Officers—Employment Agreements and Indemnification Agreements."

Share Incentive Plans

See "Item 6. Directors, Senior Management and Employees—B. Compensation of Directors and Executive Officers—Share Incentive Plan."

Transactions with Our Shareholders

Transactions with Mr. Andy Chang Liu. In March 2024, we entered into a share purchase agreement with Mr. Andy Chang Liu, our founder, chairman and chief executive officer, pursuant to which we proposed to issue, and Mr. Andy Chang Liu proposed to subscribe for 58,453,168 Class B ordinary shares of our company for an aggregate consideration of US$3,109,708.54, or the Share Subscription. The Share Subscription was closed, and the subscribed shares were issued to Mr. Liu, on November 13, 2024.

On March 25, 2025, we entered into a share purchase agreement with Mr. Andy Chang Liu, pursuant to which we proposed to issue, and Mr. Andy Chang Liu proposed to subscribe for 83,093,664 Class B ordinary shares and 18,252,336 Class A ordinary shares of our company at a total subscription price of US$4,027,774.81, based on the average closing price per ordinary share for the 30 trading days preceding the date of the share purchase agreement.

Shareholders Agreement

We entered into the sixth amended and restated shareholders agreement with our shareholders in November 2020. The sixth amended and restated shareholders agreement provides for certain shareholders' rights, including information and inspection rights, right of participation, right of first refusal and co-sale rights, drag-along rights and contains provisions governing our board of directors and other corporate governance matters. The special rights, as well as the corporate governance provisions, automatically terminated upon the completion of our initial public offering.

Registration Rights

We have granted certain registration rights to our shareholders. Set forth below is a description of the registration rights granted under the sixth amended and restated shareholders agreement.

Demand Registration Rights. At any time after the earlier of (i) June 26, 2024 or (ii) the taking effect of a registration statement for our initial public offering, holders of at least 30% of the registrable securities then outstanding have the right to demand by written notice that we file a registration statement covering the registration of a minimum of 20% of the registrable securities (or any lesser percentage if the anticipated gross proceeds from the offering are to exceed US$100,000,000). We have a right to defer filing of a registration statement for a period of not more than 90 days after receipt of the request of the initiating holders on the condition that we furnish to the holders requesting registration a certificate signed by our president or our chief executive officer stating that in the good faith judgment of our board of directors it would be materially detrimental to us and our shareholders for such registration statement to be filed at such time. However, we cannot exercise the deferral right more than once during any 12-month period and cannot register any other securities during such period. We are obligated to effect no more than two demand registrations that have been declared effective. Further, if the holders initiating the registration request intend to distribute the registrable securities covered by their request by means of an underwriting and the underwriter(s) advise(s) us that marketing factors require a limitation of the number of securities to be underwritten, then we will so advise all holders of registrable securities which would otherwise be registered and underwritten pursuant hereto, and the number of registrable securities that may be included in the underwriting will be reduced as required by the underwriter(s) and allocated (i) first, to Shunwei Capital Entities, H Capital Entities, Esta Investments Pte Ltd. and DST Asia Won a pro rata basis according to the number of registrable securities then outstanding held by each such holder, (ii) second, to Precise Asset Investments Limited, and (iii) third, to the other holders of registrable securities on a pro rata basis according to the number of registrable securities then outstanding held by each such holder requesting registration; provided, however, that the number of shares of registrable securities to be included in such underwriting and registration will not be reduced unless all other securities are first entirely excluded from the underwriting and registration including, without limitation, all shares that are not registrable securities and are held by any other person, including, without limitation, any person who is our employee, officer or director; provided further, that at least

25% of shares of registrable securities requested by the holders to be included in such underwriting and registration must be so included.

Piggyback Registration Rights. If we propose to file a registration statement for a public offering of our securities, we must offer shareholders an opportunity to include in the registration statement all or any part of the registrable securities held by such holders. If the offering involves an underwriting of our equity securities and the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of securities to be underwritten, the managing underwriter(s) may exclude shares from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting will be allocated, (i) first, to us, (ii) second, to Shunwei Capital Entities, H Capital Entities, Esta Investments Pte Ltd. and DST Asia Won a pro rata basis according to the number of registrable securities then outstanding held by each such holder, (iii) third, to Precise Asset Investments Limited, (iv) fourth, to the other holders requesting inclusion of their registrable securities in such registration statement on a pro rata basis based on the total number of shares of registrable securities then held by each such holder, and (v) fifth, to holders of other securities of us; provided, however, that the right of the underwriter(s) to exclude shares (including registrable securities) from the registration and underwriting as described above will be restricted so that (i) the number of registrable securities included in any such registration is not reduced below 25% of the aggregate number of shares of registrable securities for which inclusion has been requested; and (ii) all shares that are not registrable securities and are held by any other person, including, without limitation, any person who is our employee, officer or director will first be excluded from such registration and underwriting before any registrable securities are so excluded.

Registration on Form F-3. Any holder or holders of at least a majority of all registrable securities then outstanding may request the company to effect an unlimited number of registration on Form F-3. We shall effect the registration of the securities on Form F-3 as soon as practicable, except in certain circumstances. We have a right to defer filing of a F-3 registration statement for a period of not more than 90 days after receipt of the request of the initiating holders on the condition that we furnish to the holders requesting F-3 registration a certificate signed by our president or our chief executive officer stating that in the good faith judgment of our board of directors it would be materially detrimental to us and our shareholders for such registration statement to be effected at such time. However, we cannot exercise the deferral right more than once during any 12-month period and cannot register any other securities during such period. If the holders initiating the registration request intend to distribute the registrable securities covered by their request by means of an underwriting and the underwriter(s) advise(s) us that marketing factors require a limitation of the number of securities to be underwritten, then we will so advise all holders of registrable securities which would otherwise be registered and underwritten pursuant hereto, and the number of registrable securities that may be included in the underwriting will be reduced as required by the underwriter(s) and allocated (i) first, to Shunwei Capital Entities, H Capital Entities, Esta Investments Pte. Ltd. and DST Asia Won a pro rata basis according to the number of registrable securities then outstanding held by each such holder, (ii) second, to Precise Asset Investments Limited, and (iii) third, to the other holders of registrable securities on a pro rata basis according to the number of registrable securities then outstanding held by each such holder requesting registration; provided, however, that the number of shares of registrable securities to be included in such underwriting and registration will not be reduced unless all other securities are first entirely excluded from the underwriting and registration including, without limitation, all shares that are not registrable securities and are held by any other person, including, without limitation, any person who is our employee, officer or director; provided further, that at least 25% of shares of registrable securities requested by the holders to be included in such underwriting and registration must be so included.

Expenses of Registration. We will bear all registration expenses in connection with any demand, piggyback or Form F-3 registration, other than the selling expenses or other amounts payable to underwriter(s), brokers or the depositary bank in connection with such offering by the holders.

Termination of Obligations. Our shareholders' registration rights will terminate upon the earlier of (i) five years after taking effect of a registration statement for a qualified public offering, and (ii) as to any shareholder when the shares subject to registration rights held by such shareholder can be sold without registration in any 90-day period pursuant to Rule 144 promulgated under the Securities Act.

C.Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A.Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Legal Proceedings

We have been and may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

We and certain of our officers and directors were named as defendants in a putative securities class action filed on July 19, 2022 in the U.S. District Court for the Central District of California, captioned *Zhang v. 17 Educ. & Tech. Grp. Inc. et al,.* No. 2:22-cv-04937. The action was purportedly brought on behalf of a class of persons who allegedly suffered damages as a result of alleged misstatements and omissions in the Company's IPO prospectus and registration statement, allegedly in violation of the Sections 11, 12(a)(2) and 15 of the U.S. Securities Act of 1933. On October 24, 2022, the Court appointed Lead Plaintiffs and Lead Counsel. On November 18, 2022, the case was transferred to the U.S. District Court for the Southern District of New York under the caption *Zhang v. 17 Educ. & Tech. Grp. Inc. et al,.* No. 1:22-cv-09843. On January 31, 2023, Lead Plaintiffs filed an Amended Complaint. The Company filed its motion to dismiss the Amended Complaint on March 31, 2023. In July 2023, Magistrate Judge Stewart Aaron recommended that the Court grant Defendants' motion to dismiss. In November 2023, District Judge Lewis Kaplan adopted the Magistrate Judge's recommendation, and issued a judgment dismissing the complaint in its entirety with prejudice. Plaintiffs' time to appeal has lapsed, and the matter is now considered closed. For risks and uncertainties relating to this or any future potential claims or litigation brought against us, please see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We and certain of our directors or officers have been named as defendants in a putative shareholder class action lawsuit that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation."

Dividend Policy

Our board of directors has discretion on whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in mainland China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Relating to Foreign Exchange."

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the underlying Class A ordinary shares represented by the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the underlying Class A ordinary shares represented by the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. 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.Offering and Listing Details

See "—C. Markets."

B.Plan of Distribution

Not applicable.

C.Markets

The ADSs have been listed on Nasdaq since December 4, 2020. On November 17, 2021, we changed the ADS Ratio from two ADSs to five Class A ordinary shares to one ADS to ten Class A ordinary shares. On December 18, 2023, we changed the ADS Ratio from one ADS to ten Class A ordinary shares to one ADS to fifty Class A ordinary shares. Except as otherwise indicated, all ADS and per ADS data in this annual report give retroactive effect to such change of ADS ratio to one ADS to fifty Class A ordinary shares. The ADSs trade under the symbol "YQ."

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

The following are summaries of material provisions of our seventh amended and restated memorandum and articles of association that we have adopted and of the Companies Act, insofar as they relate to the material terms of our ordinary shares.

Objects of Our Company. Under our memorandum and articles of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the Cayman Islands law.

Ordinary Shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Our ordinary shares are issued in registered form and are issued when registered in our register of members (shareholders). We may not issue shares to bearer. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Conversion. Class B ordinary shares may be converted into the same number of Class A ordinary shares at the option of the holders thereof at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of Class B ordinary shares by a holder thereof to any person other than our founder, chairman and chief executive officer, Mr. Andy Chang Liu, one of his affiliates or any other "Founder Affiliate" as defined in our memorandum and articles of

association, or upon a change of control of the ultimate beneficial ownership of any Class B ordinary share to any person other than Mr. Liu, one of his affiliates or any other "Founder Affiliate" as defined in our memorandum and articles of association, such Class B ordinary shares shall be automatically and immediately converted into the same number of Class A ordinary shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our memorandum and articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights. Holders of Class A ordinary shares and Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members at any general meeting of the Company. Each Class A ordinary share shall be entitled to one vote on all matters subject to the vote at general meetings of our company, and each Class B ordinary share shall be entitled to thirty votes on all matters subject to the vote at general meetings of our company. Voting at any meeting of shareholders is by show of hands unless a poll (before or on the declaration of the result of the show of hands) is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder present in person or by proxy.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the issued and outstanding ordinary shares at a meeting or with a written resolution signed by all members entitled to vote. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association. Our shareholders may, among other things, approve to divide or combine their shares by ordinary resolution.

General Meetings of Shareholders. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by a majority of our board of directors. Advance notice of at least seven calendar days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third of all votes attaching to the issued and outstanding shares in our company entitled to vote at the general meeting.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our memorandum and articles of association provide that upon the requisition of any one or more of our shareholders who together hold shares which carry in aggregate not less than one-third of all votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Transfer of Ordinary Shares. Subject to the restrictions set out in our memorandum and articles of association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as Nasdaq Stock Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer, they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers, by electronic means or by any other means in accordance with the rules of the Nasdaq Stock Market, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our board may determine.

Liquidation. On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors before the issuance of such shares. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our Company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. If, at any time, our share capital is divided into different classes of shares, the rights attached to any class of shares, subject to any rights or restrictions for the time being attached to any class, may be materially adversely varied with the consent in writing of the holders of at least two-thirds of the issued shares of that class or with the sanction of resolution passed by a simple majority of the votes cast at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking pari passu with or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights

of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Issuance of Additional Shares. Our memorandum and articles of association authorize our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent out of available authorized but unissued ordinary shares.

Our memorandum and articles of association also authorize our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preference shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (apart from our memorandum and articles of association, our register of mortgages and charges and special resolutions of our shareholders). Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies in the Cayman Islands. However, we will provide our shareholders with annual audited financial statements.

Anti-Takeover Provisions. Some provisions of our memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company. We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are given for a period of up to 30 years);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;

•may register as a limited duration company; and

•may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Exclusive Forum. Unless we consent in writing to the selection of an alternative forum, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall be the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than us. Any person or entity purchasing or otherwise acquiring any share or other securities in our company, or purchasing or otherwise acquiring American depositary shares issued pursuant to deposit agreements, shall be deemed to have notice of and consented to this exclusive forum provision. Without prejudice to the foregoing, if this exclusive forum provision is held to be illegal, invalid or unenforceable under applicable law, the legality, validity or enforceability of the rest of articles of association shall not be affected and this exclusive forum provision shall be interpreted and construed to the maximum extent possible to apply in the relevant jurisdiction with whatever modification or deletion may be necessary so as best to give effect to our intention.

Differences in Corporate Law

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and, accordingly, there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the surviving or consolidated company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose, a company is a "parent" of a subsidiary if it holds issued shares that together represent at least 90% of the votes at a general meeting of the subsidiary.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation; provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act. The exercise

of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement between a company and its members (or any class of them), or between the company and its creditors (or any class of them); provided that the arrangement is approved by (a) 75% in value of the shareholders or class of shareholders, as the case may be, or (b) a majority in number representing 75% in value of the creditors or class of creditors, as the case may be, with whom the arrangement is to be made, that are, in each case, present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders’ Suits. In principle, we will normally be the proper plaintiff to sue for a wrong done to us as a company, and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in Foss v. Harbottle and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires (and is therefore incapable of ratification by the shareholder);
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the extent to which a company’s memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our memorandum and articles of association provide that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or

liabilities incurred or sustained by such directors or officers, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including, without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Directors 'Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and, therefore, it is considered that he owes the following duties to the company—a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent. Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our memorandum and articles of association provide that our shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders; provided that it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our memorandum and articles of association allow any one or more of our shareholders holding shares which carry in aggregate not less than one-third of the total number votes attaching to all issued and outstanding shares of our company as of the date of the deposit that are entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our memorandum and articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As a Cayman Islands exempted company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands, but our memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our memorandum and articles of association, directors may be removed with or without cause, by the affirmative vote of two-thirds of the directors then in office (except with regard to the removal of the chairman, who may only be removed from office by the affirmative vote of all directors), or by an ordinary resolution of our shareholders (except with regard to the removal of the chairman, who may only be removed from office by a special resolution of our shareholders). A director will also cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by either an order of the courts of the Cayman Islands or by the board of directors.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our memorandum and articles of association, if our share capital is divided into more than one class of shares, the rights attached to any such class may only be materially adversely varied with the consent in writing of the holders of at least two-thirds of the issued shares of that class or with the sanction of an ordinary resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking pari passu with or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our memorandum and articles of association that require our company to disclose shareholder ownership above any particular ownership threshold.

C.Material Contracts

Other than in the ordinary course of business and other than those described in "Item 4. Information on the Company," "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions," or elsewhere in this annual report on Form 20-F, we have not entered into any material contract during the two years immediately preceding the date of this annual report.

D.Exchange Controls

See "Item 4. Information on the Company—B. Business Overview—Regulations—Regulation Relating to Foreign Exchange."

E.Taxation

The following summary of Cayman Islands, PRC and U.S. federal income tax considerations of an investment in the ADSs or Class A 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 considerations relating to an investment in the ADSs or Class A ordinary shares, such as the tax considerations under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States.

Cayman Islands Taxation

According to Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, the Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to holders of our ADSs or ordinary shares levied by the Government of the Cayman Islands, except for stamp duties, which may be applicable on instruments executed in, or after execution brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not a party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ordinary shares and ADSs will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ordinary shares or the ADSs, nor will gains derived from the disposal of our ordinary shares or the ADSs be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of mainland China with a "de facto management body" within mainland China is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, production, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in mainland China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in mainland China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in mainland China; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in mainland China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in mainland China; and (iv) at least 50% of the enterprise's voting board members or senior executives habitually reside in mainland China.

We believe that 17 Education & Technology Group Inc. is not a PRC resident enterprise for PRC tax purposes. 17 Education & Technology Group Inc. is a company incorporated outside of mainland China. 17 Education & Technology Group Inc. is not controlled by a PRC enterprise or PRC enterprise group, and we do not believe that 17 Education & Technology Group Inc. meets all of the conditions above. For the same reasons, we believe our other entities outside of mainland China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

If the PRC tax authorities determine that 17 Education & Technology Group Inc. is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within mainland China. It is unclear whether our non-PRC individual shareholders (including the ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20%. Any PRC tax imposed on dividends or gains may be subject to a reduction if a reduced rate is available under an applicable tax treaty. It is also unclear whether non-PRC shareholders of 17 Education & Technology Group Inc. would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that 17 Education & Technology Group Inc. is treated as a PRC resident enterprise.

Provided that our Cayman Islands holding company, 17 Education & Technology Group Inc., is not deemed to be a PRC resident enterprise, holders of the ADSs and ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our ordinary shares or ADSs. However, under SAT Bulletin 7 and SAT Bulletin 37, where a non-resident enterprise conducts an "indirect transfer" by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee or the PRC entity which directly owned such taxable assets may report to the relevant tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other

person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Bulletin 7 and SAT Bulletin 37, and we may be required to expend valuable resources to comply with SAT Bulletin 7 and SAT Bulletin 37, or to establish that we should not be taxed under these bulletins.

United States Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that holds our ADSs as "capital assets" (generally, property held for investment) under Section 1221 of the U.S. Internal Revenue Code of 1986, as amended(the "Code"). This discussion is based upon existing U.S. federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect, and there can be no assurance that the Internal Revenue Service (the "IRS") or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift or other non-income tax considerations, any alternative minimum tax, the Medicare tax on certain net investment income, the consequences of special tax accounting rules under Section 451(b) of the Code, or any state, local or non-U.S. tax considerations, relating to the ownership or disposition of our ADSs. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- individual retirement accounts or other tax-deferred accounts;
- holders who acquire their ADSs pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own ADSs representing 10% or more of our stock (by vote or value); or
- partnerships or other entities or arrangements taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs through such entities,

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder should consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of our ADSs.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our ADSs that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons within the meaning of Section 7701(a)(30) of the Code who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected under the applicable United States Treasury Regulations to be treated as a U.S. person.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding our ADSs and their partners are urged to consult their tax advisors regarding an investment in our ADSs.

For U.S. federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner. The discussion below assumes that the representations contained in the deposit agreement are and will continue to be true, and that the obligations in the deposit agreement and any related agreement have been and will be complied with in accordance with their terms. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to U.S. federal income tax. The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying security. Accordingly, the creditability of foreign taxes, if any, as described below, could be affected by actions taken by intermediaries in the chain of ownership between the holders of ADSs representing our shares and our company if, as a result of such actions, the holders of ADSs representing our ordinary shares are not properly treated as beneficial owners of the underlying shares.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income, or the income test, or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income, or the asset test. For this purpose, cash and assets readily convertible into cash are generally treated as passive assets and the company's goodwill and other unhooked intangibles are taken into account. Passive income generally includes, among other things, dividends, interest, rents, 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. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the stock.

Although the law in this regard is not entirely clear, we treat our consolidated VIEs and their subsidiaries as being owned by us for U.S. federal income tax purposes because we have the ability to direct their management decisions and are entitled to substantially all of the economic benefits associated with them. As a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements and include their assets and income in calculations for purposes of the tests described above. If it were determined, however, that we are not the owner of our consolidated VIEs and their subsidiaries for U.S. federal income tax purposes, it may increase the likelihood that we will be a PFIC for a given taxable year.

Based upon our income and assets (which generally includes any goodwill), as well as the market price of our ADSs, we believe that we were a PFIC for United States federal income tax purposes for the taxable year ended December 31, 2025. Depending upon the composition of our income and assets and the market price of our ADSs during the current and subsequent taxable years, we could continue to be a PFIC for such years; however, PFIC status is a factual determination made annually that is not generally determinable until the close of each taxable year. Accordingly, there can be no assurance regarding our PFIC status for our current or subsequent taxable years, and U.S. Holders of our ADSs should be willing to assume the risks of investing in a PFIC. If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs, the PFIC rules discussed below under "Passive Foreign Investment Company Rules" will generally apply to such U.S. Holder for such taxable year, and unless the U.S. Holder makes certain elections, will apply in future taxable years even if we cease to be a PFIC. There can be no assurance that we will not be treated as a PFIC for any future taxable year. Each U.S. holder is strongly urged to consult its tax advisor regarding our PFIC status and any available elections to mitigate such tax consequences.

Dividends

As noted above, we believe we were a PFIC for our most recent taxable year ended December 31, 2025, and may also be a PFIC for our current taxable year. Accordingly, the treatment most likely to apply to a U.S. Holder is set forth below in "—Passive Foreign Investment Company Rules." If our ADSs are not treated as stock of a PFIC with respect to a particular U.S. Holder, the following rules generally apply. Any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the depositary. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, the full amount of any distribution we pay will generally be treated as a "dividend" *for* U.S. federal income tax purposes. Any distribution we pay will generally be treated as "foreign source dividend income" for U.S. federal income tax purposes. Dividends received on our ADSs will not be eligible for the dividends received deduction generally allowed to corporations. Dividends received by individuals and certain other non-corporate U.S. Holders may be subject to tax at the lower capital gain tax rate applicable to "qualified dividend income" if certain conditions are satisfied, including that (1) our ADSs on which the dividends are paid are readily tradeable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we are eligible for the benefits of the United States-PRC income tax treaty, or the Treaty, (2) we are not a PFIC for the taxable year in which the dividend was paid or the preceding taxable year, and (3) certain holding period and other requirements are met.

Our ADSs (but not our ordinary shares) are expected to be considered readily tradeable on an established securities market in the United States for such purposes as long as they are listed on the Nasdaq. However, there can be no assurance that our ADSs will continue to be so listed on the Nasdaq, or otherwise treated as readily tradeable on an established securities market in the future. Although the law in this regard is not entirely clear, since we do not expect our ordinary shares will be listed on any securities market, we do not believe that ordinary shares that are not represented by ADSs will generally be considered to be readily tradable on an established securities market in the United States. Moreover, as discussed above, we believe we will likely be a PFIC for the taxable year ended December 31, 2025. U.S. Holders are urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs.

In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see "—People's Republic of China Taxation"), U.S. Holders may be subject to PRC withholding taxes on dividends paid on our ADSs. U.S. Holders may be eligible for a reduced rate of withholding, provided that the U.S. Holder is entitled to benefits under the Treaty.

Dividends paid on our ADSs, if any, will generally be treated as income from foreign sources and will generally constitute passive category income for U.S. foreign tax credit purposes. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on the ADSs (see "—People's Republic of China Taxation"). Depending on the U.S. Holder's individual facts and circumstances, a U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any nonrefundable foreign withholding taxes imposed on dividends received on our ADSs. A U.S. Holder who does not elect to claim a foreign tax credit for foreign taxes withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and their outcome depends in large part on the U.S. Holder's

individual facts and circumstances. Accordingly, U.S. Holders should consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition

Subject to the discussion below under "—Passive Foreign Investment Company Rules," a U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of our ADSs in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs. Any capital gain or loss will be long-term if the ADSs have been held for more than one year and will generally be U.S.-source gain or loss for U.S. foreign tax credit purposes. Long-term capital gain of individuals and certain other non-corporate U.S. Holders will generally be eligible for a reduced rate of taxation. The deductibility of a capital loss may be subject to limitations.

However, if we are deemed to be a resident enterprise in mainland China under the PRC Enterprise Income Tax Law, gains from the disposition of the ADSs may be subject to PRC income tax and will generally be U.S. source, which may limit the ability to receive a foreign tax credit. In the event that gain from the disposition of the ADSs is subject to tax in the PRC, a U.S. Holder that is eligible for the benefits of the Treaty may treat such gain as PRC-source gain under the Treaty. Pursuant to United States Treasury regulations (the applicability of which has been postponed until further guidance is issued), however, if a U.S. Holder is not eligible for the benefits of the Treaty or does not elect to apply the Treaty, then such holder may not be able to claim a foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs, unless such credit can be applied (subject to applicable limitations) against U.S. federal income tax due on other income derived from foreign sources in the same income category (generally, the passive category). The rules regarding foreign tax credits and deduction of foreign taxes are complex. U.S. Holders should consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs, including the availability of the foreign tax credit or deduction under their particular circumstances, and their eligibility for benefits under the Treaty and the potential impact of the United States Treasury regulations.

If the consideration received by a U.S. Holder upon a sale or other taxable disposition of ADSs is not paid in U.S. dollars, the amount realized will be the U.S. dollar value of such payment calculated by reference to the exchange rate in effect on the date of such sale or disposition. A U.S. Holder may have foreign currency gain or loss to the extent of the difference, if any, between (i) the U.S. dollar value of such payment on the date of such sale or disposition and (ii) the U.S. dollar value of such payment calculated by reference to the exchange rate in effect on the date of settlement.

As mentioned above, we believe that we were a PFIC for the taxable year ended December 31, 2025, and we will likely be classified as a PFIC for our current taxable year. U.S. Holders are urged to consult their tax advisors regarding the tax considerations of the sale or other disposition of the ADSs in their particular circumstances.

Passive Foreign Investment Company Rules

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs), and (ii) any gain realized on the sale or other disposition of ADSs. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are a PFIC (each, a "pre-PFIC year") will be taxable as ordinary income;
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as applicable to such U.S. Holder, for that year; and

•an additional tax equal to the interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs and any of our subsidiaries, our consolidated VIEs or any subsidiaries of our consolidated VIEs is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries, our consolidated VIEs or any subsidiaries of our consolidated VIEs.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to such stock. If a U.S. Holder makes this election with respect to the ADSs, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in a year when we are a PFIC and we subsequently cease to be a PFIC, the holder will not be required to take into account the gain or loss described above during any period that we are not a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

The mark-to-market election is available only for "marketable stock," which is stock that is traded on a qualified exchange, including a national securities exchange that is registered with the SEC, or other market, as defined in applicable United States Treasury regulations. Our ADSs, but not our ordinary shares, are traded on the Nasdaq Stock Market which is a qualified exchange. We anticipate that our ADSs should qualify as marketable stock so long as our ADSs remain regularly traded on a national securities exchange, such as the Nasdaq Stock Market. If the Nasdaq Stock Market delists our ADSs, the ADSs will not be treated as marketable stock for the purposes of the mark-to-market election. If our ADSs continue to be listed on the Nasdaq Stock Market, we anticipate that the ADSs should qualify as being regularly traded for any calendar year during which such stock is traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter, but no assurances may be given in this regard.

Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder that makes the mark-to-market election may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If our ADSs are treated as stock of a PFIC with respect to a U.S. Holder that has not made a mark-to-market election, such PFIC treatment will generally continue to apply to such holder even if we cease to be a PFIC unless the U.S. Holder makes a "purging" election. One type of purging election creates a deemed sale of ADSs at their fair market value. Any gain recognized in this deemed sale 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 this election, the U.S. Holder will have additional basis (to the extent of any gain recognized on the deemed sale) and, solely for purposes of the PFIC rules, a new holding period in the ADSs.

If we are treated as a PFIC and, at any time, have a non-U.S. subsidiary that is treated as a PFIC, a U.S. Holder generally would be deemed to own a proportionate amount 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 sell or otherwise dispose of all or part of our interest in, such lower-tier PFIC, or the U.S. Holder otherwise was deemed to have sold or otherwise disposed of an interest in such lower-tier PFIC. U.S. Holders should consult their tax advisors regarding the application of the lower-tier PFIC rules in their particular circumstances

If a U.S. Holder owns (or is deemed to own) our ADSs during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621 (whether or not a mark-to-market election is made) or such other form as is required by the United States Treasury Department. Failure to do so, if required, will extend the statute of limitations applicable to such U.S. Holder until such required information is furnished to the IRS and could result in penalties. You should consult your tax advisors regarding the U.S. federal income tax consequences of owning and disposing of our ADSs if we are or become a PFIC.

THIS DISCUSSION IS FOR GENERAL INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE, AND LOCAL AND NON-U.S. INCOME AND NON-INCOME TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF OUR ADSs, INCLUDING THE IMPACT OF ANY POTENTIAL CHANGE IN LAW, IN THEIR PARTICULAR CIRCUMSTANCES.

F.Dividends and Paying Agents

Not Applicable.

G.Statement by Experts

Not Applicable.

H.Documents on Display

We have filed with SEC registration statements on Form F-1 (File No. 333-250079), including relevant exhibits and securities under the Securities Act with respect to underlying ordinary shares represented by the ADSs.

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are required to file reports, including annual reports on Form 20-F, and other information with SEC. All information we file with the SEC can be obtained over the internet at the SEC's website at *www.sec.gov*.

As a foreign private issuer, (i) we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements to shareholders, (ii) our executive officers and directors are exempt from the short-swing rules contained in Section 16 of the Exchange Act, and (iii) our principal shareholders are exempt from the reporting and short-swing rules contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports, and communications available to holders of ADSs and, upon our written request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

I.Subsidiary Information

Not applicable.

J.Annual Report to Security Holders

Not applicable.

ITEM 11.QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks

Foreign exchange risk

All of our net revenues and expenses are denominated in RMB. We do not believe that we currently have any significant direct foreign exchange risk. Although our exposure to foreign exchange risks should be limited in general, the value of your investment in our ADSs will be affected by the exchange rate between U.S. dollar and Renminbi because the value of our business is effectively denominated in RMB, while our ADSs will be traded in U.S. dollars.

The conversion of Renminbi into other currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against other currencies, at times significantly and unpredictably. The value of Renminbi against other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and other currencies in the future.

To the extent that we need to convert U.S. dollars into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amounts we receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amounts available to us.

Interest rate risk

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits and financial products purchased from financial institutions. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed to material risks due to changes in interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure.

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

Fees and Charges Our ADS holders May Have to Pay

Our ADS holders will be required to pay the following service fees to the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of the ADSs held):

Service	Fees
•Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property •Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates	Up to US$5 per 100 ADSs (or portion of 100 ADSs)
•Any cash distribution to ADS holders	Up to US$0.05 per ADS
•Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders	A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs
•Depositary services	Up to US$0.05 per ADS per calendar year
•Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares	Registration or transfer fees
•Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement) •Converting foreign currency to U.S. dollars	Expenses of the depositary
•As necessary	Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes
•As necessary	Any charges incurred by the depositary or its agents for servicing the deposited securities

Fees and Other Payments Made by the Depositary to Us

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions. We did not receive such reimbursement from the depositary in the fiscal year ended December 31, 2025.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Material Modifications to the Rights of Security Holders

See “Item 10. Additional Information—B. Memorandum and Articles of Association—Ordinary Shares” for a description of the rights of securities holders, which remain unchanged.

Use of Proceeds

Not Applicable.

ITEM 15. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, we carried out an evaluation of the effectiveness of our disclosure controls and procedures, which is defined in Rules 13a-15(e) of the Exchange Act, as of December 31, 2025. Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, as of December 31, 2025, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is 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) under the Exchange Act. Our management, with the participation of our chief executive officer, evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2025.

Because of its inherent limitations, internal control over financial reporting 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 and procedures may deteriorate.

Attestation Report of the Registered Public Accounting Firm

This annual report does not include an attestation report by our independent registered public accounting firm. As a non-accelerated filer, as defined under Rule 12b-2 of the Exchange Act, we are not subject to the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act (and the SEC rules and regulations thereunder). It is possible that, had our independent registered public accounting firm conducted an audit of our internal control over financial reporting, such accountant might have identified material weaknesses and deficiencies or might issue a qualified report if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the requirements differently from us.

Changes in Internal Control Over Financial Reporting

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 of the Sarbanes-Oxley Act and other requirements.

Other than as described above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

See “Item 6. Directors, Senior Management and Employees—C. Board Practices.”

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to all of our directors, officers, employees and consultants. We have posted a copy of our code of business conduct and ethics on our website at *https://ir.17zuoye.com/corporate-governance.html*.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte Touche Tohmatsu Certified Public Accountants LLP, our principal accountant, for the periods indicated. We did not pay any other fees to our principal accountant during the periods except as indicated below.

	For the Year Ended December 31,	
	2024	2025
	(in thousands of RMB)	
Audit fees[(1)]	6,471	6,221
Tax fees[(2)]	—	—

Notes:

(1)“Audit fees” means the aggregate fees billed for professional services rendered by our principal accountant for the audit of our annual financial statements and the review of our comparative interim financial statements.

(2)“Tax fees” means aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal accountant for tax services.

All audit and permitted non-audit services provided by our principal accountant, including audit services, tax services and other services as described above, must be and have been approved in advance by our audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On September 4, 2024, our board of directors authorized a share repurchase program, under which we may repurchase up to US$10.0 million worth of our ordinary shares (including in the form of ADSs) during a 12-month period starting from September 4, 2024. We accumulatively repurchased a total of approximately US$0.5 million of ADSs under this share repurchase program and the share repurchase program was complete in was completed in September 2025.

On September 3, 2025, our board of directors authorized a share repurchase program, under which we may repurchase up to US$10.0 million worth of our ordinary shares (including in the form of ADSs) during a 12-month period starting from September 4, 2025. As of December 31, 2025, we had repurchased 1,578 ADS under this share repurchase program .

The table below is a summary of the ordinary shares repurchased by us in 2025 under the share repurchase programs described above. We did not make any other share repurchases in 2025.

Period	Total Number of ADSs Purchased	Average Price Paid per ADSs (US$)	Total Number of ADSs Purchased as Part of the Share Repurchase Programs	Approximate Dollar Value of ADSs that May Yet Be Purchased Under the Share Repurchase Programs (US$, in millions)
From January 1, 2025 to January 31, 2025	28,548	1.75	2,219,710	9.86
From February 1, 2025 to February 28, 2025	7,359	1.92	2,227,069	9.85
From March 1, 2025 to March 31, 2025	6,544	1.94	2,233,613	9.83
From April 1, 2025 to April 30, 2025	60,027	1.69	2,293,640	9.68
From May 1, 2025 to May 31, 2025	30,175	2.56	2,323,815	9.61
From June 1, 2025 to June 30, 2025	36,145	2.52	2,359,960	9.51
From July 1, 2025 to July 31, 2025	15,347	2.48	2,375,307	9.48
From August 1, 2025 to August 31, 2025	19,346	2.27	2,394,653	9.43
From September 1, 2025 to September 30, 2025	3,277	2.03	2,397,930	9.99
From October 1, 2025 to October 31, 2025	—	—	2,397,930	9.99
From November 1, 2025 to November 30, 2025	—	—	2,397,930	9.99
From December 1, 2025 to December 31, 2025	—	—	2,397,930	9.99
From January 1, 2026 to January 31, 2026	—	—	2,397,930	9.99
From February 1, 2026 to February 28, 2026	—	—	2,397,930	9.99
Total	**206,768**	**2.22**	**2,397, 930**	**9.99**

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

As a Cayman Islands company listed on the Nasdaq Stock Market, we are subject to the Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards.

Nasdaq Rule 5615(a)(3) permits foreign private issuers like us to follow "home country practice" in certain corporate governance matters. We followed home country practice in lieu of the Nasdaq corporate governance requirements in the following aspects:

- Nasdaq Rule 5620 requires each issuer to hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year-end. We followed home country practice and did not hold an annual meeting of shareholders in 2025.

- In March 2022, our board of directors approved the amended and restated 2020 share incentive plan. We relied on the home country practice exemption and did not convene a shareholder meeting to approve the amended and restated 2020 share incentive plan.

- In March 2024, our board of directors approved the issuance of 58,453,168 Class B ordinary shares of the Company to Mr. Andy Chang Liu for an aggregate consideration of US$3,109,708.54. We relied on the home country practice exemption and did not convene a shareholder meeting to approve the share issuance.

- In March 2025, our board of directors approved the issuance of 83,093,664 Class B ordinary shares and 18,252,336 Class A ordinary shares of the Company to Mr. Andy Chang Liu for an aggregate consideration of US$4,027,774.81. We relied on the home country practice exemption and did not convene a shareholder meeting to approve the share issuance.

As a result, our shareholders are afforded less protection than they would otherwise enjoy under the Nasdaq Stock Market corporate governance listing standards applicable to U.S. domestic issuers. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our ADSs and Class A Ordinary Shares—As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq listing standards.”

In addition, as a “controlled company” as defined under the Nasdaq Stock Market Rules, we are permitted to elect to rely, and are currently relying, on certain exemptions from corporate governance rules. As a result, you do not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

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 an insider trading policy governing the purchase, sale, and other dispositions of our securities by directors, senior management and employees. Our insider trading policy aims to promote compliance with applicable insider trading laws, rules and regulations, and the listing standards of The Nasdaq Stock Market LLC. A copy of our insider trading policy is attached as an exhibit to this annual report.

ITEM 16K. CYBERSECURITY

Risk Management and Strategy

We have implemented comprehensive cybersecurity risk assessment procedures to ensure effectiveness in cybersecurity management, strategy and governance and reporting cybersecurity risks. We have also integrated cybersecurity risk management into our overall enterprise risk management system.

We have developed a comprehensive cybersecurity threat defense system to address both internal and external threats. This system encompasses various levels, including network, host and application security and incorporates systematic security capabilities for threat defense, monitoring, analysis, response, deception and countermeasures. We strive to manage cybersecurity risks and protect sensitive information through various means, such as technical safeguards, procedural requirements, an intensive program of monitoring on our corporate network, continuous testing of aspects of our security posture internally, a robust incident response program and regular cybersecurity awareness training for employees. Our IT department regularly monitors the performance of our apps, platforms and infrastructure to enable us to respond quickly to potential problems, including potential cybersecurity threats. Besides, we engage third-party service providers to conduct thorough due diligence of data compliance and assessments of our information system annually to fully protect our information, network, and data security. We have implemented a set of procedures to ensure effective management of the cybersecurity risks associated with the use of third-party service providers. These procedures include, but are not limited to, conducting cybersecurity assessments and tracking the capabilities and qualifications of third-party security service providers through our supplier assessment process.

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

The nominating and corporate governance committee of our board of directors is responsible for overseeing the Company’s cybersecurity risk management and be informed on risks from cybersecurity threats. The nominating and corporate governance committee shall review, approve and maintain oversight of the disclosure (i) on Form 6-K for material cybersecurity incidents (if any) and (ii) related to cybersecurity matters in the periodic reports (including annual report on Form 20-F) of the Company. In addition, on the management level, we have established a cybersecurity committee, which is consisted of four top executives and chaired by

our cybersecurity officer, who has experience in dealing with confidentiality-related cybersecurity issues. Our cybersecurity committee is responsible for overseeing the process of assessing, identifying and managing material risks from cybersecurity threats and monitoring the prevention, detection, mitigation and remediation of material cybersecurity incident. Our cybersecurity committee reports to our nominating and corporate governance committee on (i) a quarterly basis on updates to the status of any material cybersecurity incidents or material risks from cybersecurity threats to our company, and the disclosure issues, if any, and (ii) on disclosure concerning cybersecurity matters in our annual report on Form 20-F. If a cybersecurity incident occurs, our cybersecurity committee will promptly organize relevant personnel for internal assessment and, depending on the situation, seek the opinions of external experts and legal advisors. If it is determined that the incident could potentially be a material cybersecurity event, our cybersecurity committee will promptly report the investigation and assessment results to our nominating and corporate governance committee and our disclosure committee. If such disclosure is determined to be necessary, our cybersecurity committee shall promptly prepare disclosure material for review and approval by our nominating and corporate governance committee or board of directors, as appropriate, before it is disseminated to the public.

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 17 Education & Technology Group Inc. and its subsidiaries are included at the end of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Document
1.1	Seventh Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.2 to the registration statement on Form F-1 (File No. 333-250079), as amended, initially filed with the Securities and Exchange Commission on November 13, 2020)
2.1	Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)
2.2	Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the to the registration statement on Form F-1 (File No. 333-250079) as amended initially filed with the Securities and Exchange Commission on November 13, 2020)
2.3	Deposit Agreement among the Registrant, the Bank of New York Mellon as the depositary and owners and holders of the American Depositary Shares dated December 3, 2020 (incorporated herein by reference to Exhibit 4.3 to the Form S-8 filed on April 30, 2021 (File No. 333-255632))
2.4	Description of Securities (incorporated herein by reference to Exhibit 2.4 to the Form 20-F filed on April 25, 2025 (File No. 001-39742))
2.5	The Sixth Amended and Restated Shareholders Agreement between the Registrant and other parties thereto dated November 12, 2020 (incorporated herein by reference to Exhibit 4.4 to the registration statement on Form F-1 (File No. 333-250079), as amended, initially filed with the Securities and Exchange Commission on November 13, 2020)
4.1	Sixth Amended and Restated 2015 Share Option Plan (incorporated herein by reference to Exhibit 99.1 to the Form 6-K filed on April 25, 2025 (File No. 001-39742))
4.2	Third Amended and Restated 2018 Share Option Plan (incorporated herein by reference to Exhibit 99.2 to the Form 6-K filed on April 25, 2025 (File No. 001-39742))
4.3	Second Amended and Restated 2020 Share Incentive Plan (incorporated herein by reference to Exhibit 10.3 to the Post-Effective Amendment No. 3 to the Form S-8 filed on April 29, 2026 (File No. 333-255632))
4.4	Form of Indemnification Agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form F-1 (File No. 333-250079), as amended, initially filed with the Securities and Exchange Commission on November 13 2020)
4.5	Form of Employment Agreement between the Registrant and its executive officers (incorporated herein by reference to Exhibit 10.5 to the registration statement on Form F-1 (File No. 333-250079), as amended, initially filed with the Securities and Exchange Commission on November 13, 2020)
4.6	English translation of the Proxy Agreement and Powers of Attorney among Shanghai WFOE Shanghai Hexu and shareholders of Shanghai Hexu dated September 8 2020 (incorporated herein by reference to Exhibit 10.6 to the registration statement on Form F-1 (File No. 333-250079) as amended, initially filed with the Securities and Exchange Commission on November 13, 2020)

Exhibit Number	Description of Document
4.7	English translation of the Equity Interest Pledge Agreement among Shanghai WFOE, Shanghai Hexu and shareholders of Shanghai Hexu dated September 8, 2020 (incorporated herein by reference to Exhibit 10.7 to the registration statement on Form F-1 (File No. 333-250079) as amended, initially filed with the Securities and Exchange Commission on November 13, 2020)
4.8	English translation of the Exclusive Management Services and Business Cooperation Agreement among Shanghai WFOE Shanghai Hexu and certain subsidiaries of Shanghai Hexu dated May 13 2020 (incorporated herein by reference to Exhibit 10.8 to the registration statement on Form F-1 (File No. 333-250079), as amended, initially filed with the Securities and Exchange Commission on November 13, 2020)
4.9	English translation of the Exclusive Call Option Agreement among Shanghai WFOE, Shanghai Hexu and shareholders of Shanghai Hexu dated September 8 2020 (incorporated herein by reference to Exhibit 10.9 to the registration statement on Form F-1 (File No. 333-250079) as amended initially filed with the Securities and Exchange Commission on November 13, 2020)
4.10	English translation of executed form of the Consent Letter granted by each shareholder of Shanghai Hexu and its spouse as currently in effect and a schedule of all executed Consent Letters adopting the same form (incorporated herein by reference to Exhibit 10.10 to the registration statement on Form F-1 (File No. 333-250079) as amended initially filed with the Securities and Exchange Commission on November 13, 2020)
4.11	English translation of the Powers of Attorney by each shareholder of Beijing Qili dated March 4, 2022 (incorporated herein by reference to Exhibit 4.11 to the Form 20-F filed on April 27, 2022 (File No. 001-39742))
4.12	English translation of the Equity Interest Pledge Agreement among Guangzhou Qixiang, Beijing Qili and shareholders of Beijing Qili dated March 4 2022 (incorporated herein by reference to Exhibit 4.12 to the Form 20-F filed on April 27, 2022 (File No. 001-39742))
4.13	English translation of the Exclusive Management Services and Business Cooperation Agreement among Guangzhou Qixiang, Beijing Qili and shareholders of Beijing Qili dated March 4, 2022 (incorporated herein by reference to Exhibit 4.13 to the Form 20-F filed on April 27, 2022 (File No. 001-39742)
4.14	English translation of the Exclusive Option Agreement among Guangzhou Qixiang, Beijing Qili and shareholders of Beijing Qili dated March 4, 2022 (incorporated herein by reference to Exhibit 4.14 to the Form 20-F filed on April 27, 2022 (File No. 001-39742))
4.15	English translation of executed form of the Consent Letter granted by the spouse of each shareholder of Beijing Qili, as currently in effect, and a schedule of all executed Consent Letters adopting the same form (incorporated herein by reference to Exhibit 4.15 to the Form 20-F filed on April 27, 2022 (File No. 001-39742))
4.16	English translation of the Powers of Attorney by each shareholder of Beijing Yiqi Information dated March 21, 2022 (incorporated herein by reference to Exhibit 4.16 to the Form 20-F filed on April 27, 2022 (File No. 001-39742))
4.17	English translation of the Equity Interest Pledge Agreement among Guangzhou Qixuan, Beijing Yiqi Information and shareholders of Beijing Yiqi Information dated March 21, 2022 (incorporated herein by reference to Exhibit 4.17 to the Form 20-F filed on April 27, 2022 (File No. 001-39742))
4.18	English translation of the Exclusive Management Services and Business Cooperation Agreement among Guangzhou Qixuan, Beijing Yiqi Information and shareholders of Beijing Yiqi Information dated March 21, 2022 (incorporated herein by reference to Exhibit 4.18 to the Form 20-F filed on April 27 2022 (File No. 001-39742))
4.19	English translation of the Exclusive Option Agreement among Guangzhou Qixuan, Beijing Yiqi Information and shareholders of Beijing Yiqi Information dated March 21, 2022 (incorporated herein by reference to Exhibit 4.19 to the Form 20-F filed on April 27, 2022 (File No. 001-39742))
4.20	English translation of executed form of the Consent Letter granted by the spouse of each shareholder of Beijing Yiqi Information as currently in effect and a schedule of all executed Consent Letters adopting the same form (incorporated herein by reference to Exhibit 4.20 to the Form 20-F filed on April 27, 2022 (File No. 001-39742))

Exhibit Number	Description of Document
4.21	English translation of the Powers of Attorney by each shareholder of Beijing Yiqi Development dated November 4, 2024 (incorporated herein by reference to Exhibit 4.21 to the Form 20-F filed on April 25, 2025 (File No. 001-39742))
4.22	English translation of the Equity Interest Pledge Agreement among Beijing Yiqi Hangfan, Beijing Yiqi Development and shareholders of Beijing Yiqi Development dated November 4, 2024 (incorporated herein by reference to Exhibit 4.22 to the Form 20-F filed on April 25, 2025 (File No. 001-39742))
4.23	English translation of the Exclusive Management Services and Business Cooperation Agreement among Beijing Yiqi Hangfan Beijing Yiqi Development and shareholders of Beijing Yiqi Development dated March 4, 2022 (incorporated herein by reference to Exhibit 4.23 to the Form 20-F filed on April 27, 2022 (File No. 001-39742))
4.24	English translation of the Exclusive Option Agreement among Beijing Yiqi Hangfan Beijing Yiqi Development and shareholders of Beijing Yiqi Development dated March 4, 2022 (incorporated herein by reference to Exhibit 4.24 to the Form 20-F filed on April 27 2022 (File No. 001-39742))
4.25	English translation of executed form of the Consent Letter granted by the spouse of each shareholder of Beijing Yiqi Development as currently in effect, and a schedule of all executed Consent Letters adopting the same form (incorporated herein by reference to Exhibit 4.25 to the Form 20-F filed on April 27 2022 (File No. 001-39742))
4.26	English translation of the Powers of Attorney by each shareholder of Guangzhou Qili dated July 18, 2022 (incorporated herein by reference to Exhibit 4.26 to the Form 20-F filed on April 26, 2023 (File No. 001-39742))
4.27	English translation of the Equity Interest Pledge Agreement among Guangzhou Qixiang, Guangzhou Qili and shareholders of Guangzhou Qili dated July 18, 2022 (incorporated herein by reference to Exhibit 4.27 to the Form 20-F filed on April 26, 2023 (File No. 001-39742))
4.28	English translation of the Exclusive Management Services and Business Cooperation Agreement among Guangzhou Qixiang, Guangzhou Qili and shareholders of Guangzhou Qili dated July 18, 2022 (incorporated herein by reference to Exhibit 4.28 to the Form 20-F filed on April 26, 2023 (File No. 001-39742))
4.29	English translation of the Exclusive Option Agreement among Guangzhou Qixiang, Guangzhou Qili and shareholders of Guangzhou Qili dated July 18 2022 (incorporated herein by reference to Exhibit 4.29 to the Form 20-F filed on April 26, 2023 (File No. 001-39742))
4.30	English translation of executed form of the Consent Letter granted by the spouse of each shareholder of Guangzhou Qili, as currently in effect, and a schedule of all executed Consent Letters adopting the same form (incorporated herein by reference to Exhibit 4.30 to the Form 20-F filed on April 26, 2023 (File No. 001-39742))
4.31	English Translation of Service Outsourcing Agreement between Shanghai WFOE and Beijing Yicai Human Resource Consulting Co. Ltd. dated September 1 2020 (incorporated herein by reference to Exhibit 10.24 to the registration statement on Form F-1 (File No. 333-250079), as amended, initially filed with the Securities and Exchange Commission on November 13, 2020)
4.32	English Translation of Supplementary Agreement to Service Outsourcing Agreement between Shanghai WFOE and Beijing Yicai Human Resource Consulting Co., Ltd., dated September 8, 2020 (incorporated herein by reference to Exhibit 10.25 to the registration statement on Form F-1 (File No. 333-250079), as amended, initially filed with the Securities and Exchange Commission on November 13, 2020)
4.33	Share Purchase Agreement between the Registrant and Mr. Andy Chang Liu, dated March 21, 2024 (incorporated herein by reference to Exhibit 4.33 to the Form 20-F filed on April 25, 2024 (File No. 001-39742))
4.34	Share Purchase Agreement between the Registrant and Mr. Andy Chang Liu, dated March 25, 2025 (incorporated herein by reference to Exhibit 4.34 to the Form 20-F filed on April 25, 2025 (File No. 001-39742))
4.35*	English Translation of Equity Interest Pledge Agreement between Beijing Yiqi Hangfan Technology Co., Ltd., Mr. Chang Liu, and Beijing Yiqi Education Technology Development Co., Ltd., dated August 6, 2025

Exhibit Number	Description of Document
4.36*	English Translation of Power of Attorney by Mr. Chang Liu, dated August 6, 2025
4.37*	English Translation of Equity Interest Pledge Agreement between Beijing Yiqi Hangfan Technology Co., Ltd., Mr. Zhan Xie, and Beijing Yiqi Education Technology Development Co., Ltd., dated August 6, 2025
4.38*	English Translation of Power of Attorney by Mr. Zhan Xie, dated August 6, 2025
8.1*	List of Principal Subsidiaries and Consolidated Variable Interest Entities of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the Form F-1 (File No. 333-250079), as amended, initially filed with the Securities and Exchange Commission on November 13, 2020)
11.2	Amended and Restated Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading (incorporated herein by reference to Exhibit 19.1 to the Form 20-F filed on April 25, 2025 (File No. 001-39742))
12.1*	Certification by the Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by the Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by the Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Maples and Calder (Hong Kong) LLP
15.2*	Consent of Tian Yuan Law Firm
15.3*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm
97.1	Clawback Policy of the Registrant (incorporated herein by reference to Exhibit 97.1 to the Form 20-F filed on April 25, 2024 (File No. 001-39742))
101.INS*	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104*	Cover page formatted as Inline XBRL and contained in Exhibit 101

Notes:

* Filed with this annual report on Form 20-F.

** Furnished with this annual report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

17 Education & Technology Group Inc.

By: /s/ Andy Chang Liu
Name: Andy Chang Liu
Title: Chairman and Chief Executive Officer

Date: April 29, 2026

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of 17 Education & Technology Group Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of 17 Education & Technology Group Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2025, the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2025, and the related notes and Schedule I (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 2025, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Convenience Translation

Our audits also comprehended the translation of Renminbi amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2 to the financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside the People's Republic of China.

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 audit 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 Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates 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 matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition— Teaching and Learning Software-as-a-Service offerings ("Teaching and Learning SaaS offerings")
Refer to Note 2 to the financial statements

Critical Audit Matter Description

The revenues of the Company are primarily derived from Teaching and Learning SaaS offerings, which accounted for 87.2%, 92.4% and 90.8% of the total net revenues for the years ended December 31, 2023, 2024 and 2025, respectively. We identified occurrence of revenues from Teaching and Learning SaaS offerings as a critical audit matter due to the inherent risk associated with the occurrence of revenue given the significant amount of revenues generated from Teaching and Learning SaaS offerings. This required an increased extent of effort, including the design of audit procedures and the evaluation of the nature and extent of evidence obtained.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to address this critical audit matter included the following, among others:

(a)We obtained an understanding and evaluated the design of relevant internal controls related to recognition of revenues from Teaching and Learning SaaS offerings;

(b)We verified commercial substance of the new customers by evaluating customer legal registration information or operational presence based on evidence obtained from independent external sources;

(c)For a sample of revenue transactions,

(1)we obtained and inspected the underlying contracts;

(2)for transactions involving hardware delivery, we reviewed customer acceptance documentations or traced the hardware delivery records maintained by the Company to third-party logistics evidence for each contract;

(3)we obtained bank slips for customer payments and verified the consistency between the remitting party and the contractual customer; and

(4)we recalculated the revenue amounts based on contract terms to evaluate whether revenue was recognized in accordance with the Company's accounting policies.

(d)For a sample of accounts receivable, we performed confirmation procedures to verify the balances related to revenues for which cash has not been received.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP
Beijing, the People's Republic of China
April 29, 2026

We have served as the Company's auditor since 2016.

17 EDUCATION & TECHNOLOGY GROUP INC.
CONSOLIDATED BALANCE SHEETS
(In thousands of RMB and USD, except for share and per share data, or otherwise noted)

	As of December 31,		
	2024 RMB	2025 RMB	2025 USD (Note 2)
ASSETS			
Current assets			
Cash and cash equivalents	234,144	246,448	35,242
Restricted cash	49	49	7
Term deposits	125,108	160,471	22,947
Accounts receivable, net of allowances of RMB21,082 and RMB20,402 as of December 31, 2024 and 2025, respectively	67,097	42,577	6,088
Prepaid expenses and other current assets, net of allowances of RMB5,919 and RMB5,794 as of December 31, 2024 and 2025, respectively	82,513	101,135	14,462
Total current assets	508,911	550,680	78,746
Non-current assets			
Property and equipment, net	26,410	22,455	3,211
Right-of-use assets	11,768	15,003	2,145
Other non-current assets	2,428	2,385	341
TOTAL ASSETS	549,517	590,523	84,443
LIABILITIES			
Current liabilities			
Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of the consolidated VIEs without recourse to the Group of RMB20,176 and RMB39,022 as of December 31, 2024 and 2025, respectively)	104,422	123,280	17,628
Deferred revenue and customer advances (including deferred revenue and customer advances of the consolidated VIEs without recourse to the Group of RMB40,198 and RMB165,798 as of December 31, 2024 and 2025, respectively)	40,397	165,939	23,729
Operating lease liabilities, current (including operating lease liabilities, current of the consolidated VIEs without recourse to the Group of RMB4,758 and RMB3,759 as of December 31, 2024 and 2025, respectively)	6,798	4,992	714
Total current liabilities	151,617	294,211	42,071
Non-current liabilities			
Operating lease liabilities, non-current (including operating lease liabilities, non-current of the consolidated VIEs without recourse to the Group of RMB3,171 and RMB6,319 as of December 31, 2024 and 2025, respectively)	4,261	9,684	1,385
TOTAL LIABILITIES	155,878	303,895	43,456

17 EDUCATION & TECHNOLOGY GROUP INC.
CONSOLIDATED BALANCE SHEETS - continued
(In thousands of RMB and USD, except for share and per share data, or otherwise noted)

	As of December 31,		
	2024 RMB	2025 RMB	2025 USD (Note 2)
Commitments and Contingencies (Note 14)			
SHAREHOLDERS' EQUITY			
Class A ordinary shares (par value of USD0.0001 per share; 1,300,000,000 shares authorized as of December 31, 2024 and 2025; 327,406,202 and 342,229,838 shares issued and outstanding as of December 31, 2024 and 2025, respectively)	241	256	37
Class B ordinary shares (par value of USD0.0001 per share; 158,453,168 and 200,000,000 shares authorized as of December 31, 2024 and 2025, respectively; 116,906,336 and 200,000,000 shares issued and outstanding as of December 31, 2024 and 2025, respectively)	81	140	20
Treasury stock	(34)	(42)	(6)
Additional paid-in capital	11,070,615	11,126,837	1,591,117
Accumulated other comprehensive income	86,410	77,527	11,085
Accumulated deficit	(10,763,674)	(10,918,090)	(1,561,266)
TOTAL SHAREHOLDERS' EQUITY	393,639	286,628	40,987
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	549,517	590,523	84,443

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

17 EDUCATION & TECHNOLOGY GROUP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of RMB and USD, except for share and per share data, or otherwise noted)

	Year ended December 31,			
	2023 RMB	2024 RMB	2025 RMB	2025 USD (Note 2)
Net revenues				
Net service revenues	170,962	189,212	84,919	12,143
Net product revenues	—	—	21,105	3,018
Total net revenues	170,962	189,212	106,024	15,161
Cost of revenues	(90,259)	(120,004)	(55,397)	(7,922)
Gross profit	80,703	69,208	50,627	7,239
Operating expenses:				
Sales and marketing expenses	(101,260)	(76,088)	(83,043)	(11,875)
Research and development expenses	(167,932)	(71,997)	(56,169)	(8,032)
General and administrative expenses	(154,261)	(134,935)	(74,965)	(10,720)
Total operating expenses	(423,453)	(283,020)	(214,177)	(30,627)
Loss from operations	(342,750)	(213,812)	(163,550)	(23,388)
Interest income	27,811	16,260	8,655	1,238
Foreign currency exchange (loss) gain	(801)	226	(182)	(26)
Other income, net	3,958	4,399	661	95
Loss before provision for income tax	(311,782)	(192,927)	(154,416)	(22,081)
Income tax expenses	—	—		—
Net loss	(311,782)	(192,927)	(154,416)	(22,081)
Net loss available to ordinary shareholders of 17 Education & Technology Group Inc.	(311,782)	(192,927)	(154,416)	(22,081)
Net loss per ordinary share				
Basic and diluted	(0.68)	(0.48)	(0.31)	(0.04)
Weighted average shares used in calculating net loss per ordinary share				
Basic and diluted	458,636,327	401,923,200	501,068,064	501,068,064

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

17 EDUCATION & TECHNOLOGY GROUP INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands of RMB and USD)

	Year ended December 31,			
	2023 RMB	2024 RMB	2025 RMB	2025 USD (Note 2)
Net loss	(311,782)	(192,927)	(154,416)	(22,081)
Other comprehensive income (expense), net of tax of nil:				
Change in cumulative foreign currency translation adjustments	14,674	9,047	(8,883)	(1,270)
Total comprehensive loss attributable to 17 Education & Technology Group Inc.	(297,108)	(183,880)	(163,299)	(23,351)

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

17 EDUCATION & TECHNOLOGY GROUP INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of RMB and USD, except for share and per share data, or otherwise noted)

	Number of Class A ordinary shares	Class A ordinary shares	Number of Class B ordinary shares	Class B ordinary shares	Additional paid-in capital	Number of Treasury stocks	Treasury stock	Accumulated other comprehensive income	Accumulated deficit	Total 17 Education & Technology Group Inc. shareholders' equity
Balance as of January 1, 2023 in RMB	428,982,151	300	58,453,168	38	10,954,822	30,678,200	(21)	62,689	(10,258,965)	758,863
Net loss	—	—	—	—	—	—	—	—	(311,782)	(311,782)
Share-based compensation	—	—	—	—	83,695	—	—	—	—	83,695
Share repurchase	(105,636,192)	—	—	—	(51,317)	105,636,192	(76)	—	—	(51,393)
Exercise of stock options	5,555,796	5	—	—	207	—	—	—	—	212
Foreign currency translation adjustments	—	—	—	—	—	—	—	14,674	—	14,674
Balance as of December 31, 2023 in RMB	328,901,755	305	58,453,168	38	10,987,407	136,314,392	(97)	77,363	(10,570,747)	494,269
Net loss	—	—	—	—	—	—	—	—	(192,927)	(192,927)
Share-based compensation	—	—	—	—	61,917	—	—	—	—	61,917
Issuance of Class B ordinary shares (Note 11)	—	—	58,453,168	43	22,345	—	—	—	—	22,388
Share repurchase	(3,921,900)	—	—	—	(1,067)	3,921,900	(3)	—	—	(1,070)
Retirement of treasury stock	—	(66)	—	—	—	(92,104,150)	66	—	—	—
Exercise of stock options	2,426,347	2	—	—	13	—	—	—	—	15
Foreign currency translation adjustments	—	—	—	—	—	—	—	9,047	—	9,047
Balance as of December 31, 2024 in RMB	327,406,202	241	116,906,336	81	11,070,615	48,132,142	(34)	86,410	(10,763,674)	393,639
Net loss	—	—	—	—	—	—	—	—	(154,416)	(154,416)
Share-based compensation	—	—	—	—	30,828	—	—	—	—	30,828
Issuance of class A and class B ordinary shares (Note 11)	18,252,336	11	83,093,664	59	28,830	—	—	—	—	28,900
Share repurchase	(10,338,400)	—	—	—	(3,508)	10,338,400	(8)	—	—	(3,516)
Exercise of stock options	6,909,700	4	—	—	72	—	—	—	—	76
Foreign currency translation adjustments	—	—	—	—	—	—	—	(8,883)	—	(8,883)
Balance as of December 31, 2025 in RMB	342,229,838	256	200,000,000	140	11,126,837	58,470,542	(42)	77,527	(10,918,090)	286,628
Balance as of December 31, 2025 in USD	342,229,838	37	200,000,000	20	1,591,117	58,470,542	(6)	11,085	(1,561,266)	40,987

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

17 EDUCATION & TECHNOLOGY GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of RMB and USD, except for share and per share data, or otherwise noted)

	Year ended December 31,			
	2023 RMB	2024 RMB	2025 RMB	2025 USD (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	(311,782)	(192,927)	(154,416)	(22,081)
Adjustments to reconcile net loss to net cash used in operating activities				
Depreciation of property and equipment	16,171	12,280	9,997	1,430
Share-based compensation	83,695	61,917	30,828	4,408
Foreign currency remeasurement loss (gain)	2	(508)	1	—
Noncash lease expenses	16,827	9,685	5,778	826
Loss from disposal of property and equipment	344	895	26	4
Expected credit loss	12,983	12,314	(805)	(115)
Impairment for property and equipment, right-of-use assets, rental deposits and other assets	5,761	—	—	—
Changes in operating assets and liabilities:				
Accounts receivable	(31,170)	(20,576)	25,200	3,604
Prepaid expenses and other current assets	30,588	13,623	(18,327)	(2,621)
Operating lease right-of-use assets	(6,782)	(1,446)	—	—
Other non-current assets	1,411	(648)	43	6
Accrued expenses and other current liabilities	(23,741)	(23,027)	18,855	2,696
Deferred revenue and customer advances	2,564	(4,552)	125,542	17,952
Operating lease liabilities	(8,946)	(6,248)	(5,396)	(772)
Net cash used in operating activities	(212,075)	(139,218)	37,326	5,337
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of term deposits	(169,756)	(4,314)	(1,082,794)	(154,837)
Proceed from maturity of term deposits	—	48,962	1,047,431	149,781
Disposal of available-for-sale investments	19,531	—	—	—
Purchase of property and equipment and other assets	(26,590)	(9,368)	(6,862)	(981)
Proceeds from disposal of property and equipment	15,674	314	621	89
Net cash (used in) generated from investing activities	(161,141)	35,594	(41,604)	(5,948)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repurchase of ordinary shares	(51,393)	(1,070)	(3,516)	(503)
Proceeds from exercise of share options	36	15	76	11
Proceed from issuance of Class A and Class B ordinary shares (Note 11)	—	22,388	28,900	4,133
Net cash (used in) generated from financing activities	(51,357)	21,333	25,460	3,641
Effect of exchange rate changes	13,376	9,555	(8,878)	(1,270)
Net decrease in cash and cash equivalents and restricted cash	(411,197)	(72,736)	12,304	1,760
Cash, cash equivalents and restricted cash at beginning of the year	718,126	306,929	234,193	33,489
Cash, cash equivalents and restricted cash at end of the year	306,929	234,193	246,497	35,249
Supplemental schedule of cash flow information				
Non-cash activities				
Right-of-use assets obtained in exchange for operating lease obligations	5,829	359	—	—
Increase of right-of-use assets and operating lease liabilities due to lease modifications	982	832	9,013	1,289
Payables for purchase of property and equipment	2,802	2,250	2,247	321
Reconciliation to amounts on the Consolidated Balance Sheets				
Cash and cash equivalents	306,929	234,144	246,448	35,242
Restricted cash	—	49	49	7
Total cash, cash equivalents and restricted cash	306,929	234,193	246,497	35,249

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

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

17 Education & Technology Group Inc. (the "Company"), was incorporated under the laws of the Cayman Islands on October 30, 2012. The Company, its subsidiaries, the consolidated variable interest entities ("VIEs") and VIEs' subsidiaries (collectively the "Group") are primarily engaged in providing education and education technology services in the People's Republic of China ("PRC") with a focus on the Teaching and Learning SaaS offerings.

As of December 31, 2025, the Company's major subsidiaries and VIEs were as follows:

Name[(1)]	Later of date of establishment or acquisition	Place of establishment	Percentage of equity interest	Principal activities
Subsidiaries:				
17 Technology Limited	September 27, 2021	Cayman Islands	100%	Intermediate holding company
17 Education World Limited	September 23, 2021	British Virgin Islands	100%	Intermediate holding company
17 Educational Products Limited	September 23, 2021	British Virgin Islands	100%	Intermediate holding company
17 Inspire Limited	October 13, 2021	British Virgin Islands	100%	Intermediate holding company
Sunny Education (HK) Limited	December 3, 2012	Hong Kong	100%	Intermediate holding company
17 Vision Limited	October 11, 2021	Hong Kong	100%	Intermediate holding company
17 Glory Limited	October 11, 2021	Hong Kong	100%	Intermediate holding company
17 Legend Limited	October 28, 2021	Hong Kong	100%	Intermediate holding company
Shanghai Yiqi Zuoye Information Technology Co., Ltd. ("Shanghai WFOE")	April 23, 2013	PRC	100%	Education technology services
Beijing Yiqi Education & Technology Co., Ltd. ("Beijing Yiqi Education")	July 26, 2019	PRC	100%	Education technology services
Guangzhou Qixiang Technology Co., Ltd. ("Guangzhou Qixiang")	December 21, 2021	PRC	100%	Education technology services
Guangzhou Qixuan Education & Technology Co., Ltd. ("Guangzhou Qixuan")	December 1, 2021	PRC	100%	Education technology services
Beijing Yiqi Hangfan Technology Co., Ltd. ("Beijing Yiqi Hangfan")	December 29, 2021	PRC	100%	Education technology services
Consolidated VIEs:				
Shanghai Hexu Information Technology Co., Ltd. ("Shanghai Hexu")	December 03, 2012	PRC		Education technology services
Beijing Yiqi Education Information Consultation Co., Ltd. ("Beijing Yiqi Information ")	February 15, 2019	PRC		Education technology services
Beijing Qili Technology Co., Ltd. ("Beijing Qili")	October 19, 2021	PRC		Education technology services
Guangzhou Qili Technology Co., Ltd. ("Guangzhou Qili ")	March 25, 2022	PRC		Education technology services
Beijing Yiqi Education Technology Development Co., Ltd. ("Beijing Yiqi Development")	April 19, 2021	PRC		Education technology services
Consolidated VIEs' subsidiary:				
Zhiyouban (Shanghai) Technology Co., Ltd. ("Zhiyouban")	March 25, 2025	PRC		Education technology services

(1)The English names are for identification purpose only.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and use of estimates

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). These accounting principles require management to make certain estimates and assumptions that affect the amounts in the accompanying financial statements. Actual results may differ from those estimates. The Group bases its estimates on past experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

Significant accounting estimates reflected in the Group's financial statements include, but are not limited to, revenue recognition, valuation allowance for deferred tax assets, valuation of share-based compensation and expected credit loss for accounts receivable and prepaid expenses and other current assets. Actual results may differ materially from those estimates.

Principles of consolidation

The accompanying consolidated financial statements include the financial information of the Company and its subsidiaries, the VIEs and the VIEs' subsidiaries. All intercompany balances and transactions are eliminated upon consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The VIE arrangements

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of value-added telecommunication services, and certain other businesses, the Company conducts certain of its business through the VIEs. The Company through its wholly owned subsidiaries located in the PRC ("WFOEs") entered into a series of contractual agreements with the VIEs and their shareholders. Through below contractual agreements, the Company has (1) the power to direct the activities that most significantly affect the economic performance of the VIEs, and (2) the right to receive the economic benefit of the VIEs that could potentially be significant to the VIEs. As a result, the shareholders of the VIEs lack the power to direct the activities of the VIEs that most significantly impact the entity's economic performance, the obligation to absorb the expected losses, and the right to receive the expected residual returns of the entity. Accordingly, the Company is considered as the primary beneficiary of the VIEs, and the Company has consolidated the financial results of the VIEs and their subsidiaries in its consolidated financial statements.

As of December 31, 2025, the VIEs included Shanghai Hexu, Beijing Qili, Beijing Yiqi Information, Beijing Yiqi Development and Guangzhou Qili.

Shanghai Hexu is the VIE that is material to the Group's business and operations since its establishment. The following is a summary of contractual agreements entered into by and among Shanghai WFOE, Shanghai Hexu and its respective shareholders.

Exclusive Management Services and Business Cooperation Agreement

Pursuant to the exclusive management services and business cooperation agreement among Shanghai WFOE, Shanghai Hexu and the shareholders of Shanghai Hexu, Shanghai WFOE has the exclusive right to provide or designate any third party to provide, among other things, technical support and consultation services, client relationship building up services, perfection of management structure and strategic consultation services to Shanghai Hexu and its subsidiaries. In exchange, Shanghai Hexu and its subsidiaries pay service fees to Shanghai WFOE at an amount determined by Shanghai WFOE in its sole discretion and can be adjusted by Shanghai WFOE unilaterally. Without the prior written consents of Shanghai WFOE, Shanghai Hexu is prohibited from engaging any third party to provide any services contemplated by this agreement and can neither dispose any important asset in any way nor change the equity structure on itself. The agreement has an initial term of ten years and shall automatically renew at the end of each term for a further term of ten years, unless otherwise terminated by Shanghai WFOE in its sole discretion with 10 days' prior written notice.

Equity Interest Pledge Agreement

Under the equity interest pledge agreement among Shanghai WFOE, Shanghai Hexu and its shareholders, Shanghai Hexu's shareholders pledged all of their equity of Shanghai Hexu to Shanghai WFOE as security for performance of the obligations of Shanghai Hexu and its shareholders and their spouses, as applicable, under the exclusive call option agreement, the exclusive management services and business cooperation agreement, proxy agreement and powers of attorney and consent letters. If any of the specified events of default occurs, Shanghai WFOE can exercise the right as pledgee to enforce the pledge by, among other ways, auction or sale of the pledged equity interests. The equity interest pledge agreement will remain in effect until the earlier of (i) the fulfillment of all the obligations under the exclusive call option agreement, the exclusive management services and business cooperation agreement, proxy agreement and powers of attorney, and consent letters, (ii) the exercise of right of pledge by Shanghai WFOE pursuant to the terms and conditions of the equity interest pledge agreement, or (iii) that the shareholders of Shanghai Hexu transfer all the equity held in Shanghai Hexu to Shanghai WFOE or its designee(s) pursuant to the exclusive call option agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The VIE arrangements - continued

Exclusive Call Option Agreement

Under the exclusive call option agreement among Shanghai WFOE, Shanghai Hexu and its shareholders, each of the shareholders of Shanghai Hexu irrevocably granted Shanghai WFOE a right to purchase or designated third party to purchase equity interests in Shanghai Hexu at a purchase price of RMB0.001 thousand or equal to the lowest price permissible by the PRC laws and regulations. If the purchase price is higher than RMB0.001 thousand, the shareholders of Shanghai Hexu shall promptly give all considerations they received from the exercise of the options to Shanghai WFOE or their designee(s). Shanghai Hexu and its shareholders covenanted that, without Shanghai WFOE's prior written consents, they will not, among other things, (i) transfer or otherwise dispose of their equity interests in Shanghai Hexu; (ii) create any pledge or any other third party's right on their equity interests in Shanghai Hexu; (iii) change Shanghai Hexu's registered capital or merge Shanghai Hexu with other entities; (iv) dispose or force the management to dispose any material assets of Shanghai Hexu, except for the disposal of the assets that are treated as necessary for Shanghai Hexu's daily business operations; (v) cause Shanghai Hexu to terminate or force the management to terminate any material contracts to which Shanghai Hexu is a party; (vi) appoint or replace any director, supervisor or management of Shanghai Hexu; (vii) declare or distribute dividends; (viii) terminate, liquidate or dissolve Shanghai Hexu; (ix) amend Shanghai Hexu's articles of association; (x) allow Shanghai Hexu to incur any debts, or any other form of liabilities other than the liabilities incurred for usual course of business operation; (xi) lend funds or provide guarantee to third party in any form. The agreement has an initial term of ten years and shall automatically renew at the end of each term for a further term of ten years, unless otherwise terminated by Shanghai WFOE in its sole discretion with 10 days' prior written notice. Under no circumstances can Shanghai Hexu or its shareholders terminate the exclusive call option agreement.

Proxy Agreement and Powers of Attorney

Pursuant to the proxy agreement and powers of attorney executed by Shanghai Hexu's shareholders, each of them irrevocably authorized Shanghai WFOE to act on their respective behalf as exclusive agent and attorney, to the extent permitted by law, with respect to all rights of shareholders concerning all the equity interest and sponsor interest held by each of them in Shanghai Hexu or its subsidiaries, including but not limited to proposing to convene or attend shareholder meeting, exercising all the rights as shareholders (including but not limited to voting rights, nomination rights, appointment rights, the right to sell or transfer of all the equity interest held in part or in whole). The agreement will remain effective within the operating period of Shanghai Hexu, unless otherwise unilaterally terminated by Shanghai WFOE in its sole discretion.

Consent Letters

Pursuant to the consent letters executed by each shareholder of Shanghai Hexu and its spouse, each signing shareholder and its spouse have confirmed and agreed to the execution of the exclusive call option agreement, the exclusive management services and business cooperation agreement, proxy agreement and powers of attorney, and the equity interest pledge agreement described above by the applicable shareholders. They further undertook not to hinder the disposal of the equity and not to make any assertions in connection with the equity of Shanghai Hexu held by the applicable shareholders, and confirm that the applicable shareholders can perform the relevant transaction documents described above and further amend or terminate such transaction documents without the authorization or consent from such spouses. The spouse of each applicable shareholder agrees and undertakes that if she obtains any equity of Shanghai Hexu held by the applicable shareholder for any reasons, she would be bound by the transaction documents described above.

In 2021, to expand the Group's business operations, the Company set up three wholly owned subsidiaries, Guangzhou Qixiang, Guangzhou Qixuan and Beijing Yiqi Hangfan (collectively "2021 WFOEs"), in the PRC and further entered into a series of contractual agreements with Beijing Qili, Beijing Yiqi Information, Beijing Yiqi Development (collectively "2021 VIEs") and their respective shareholders, respectively, in which the terms included are substantially similar. Through these contractual agreements, the Company has (1) the power to direct the activities that most significantly affect the economic performance of 2021 VIEs, and (2) the right to receive the economic benefit of 2021 VIEs that could potentially be significant to 2021 VIEs. Accordingly, the Company is considered as the primary beneficiary of the 2021 VIEs, and has consolidated the financial results of 2021 VIEs in its consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The VIE arrangements - continued

The following is a summary of the contractual agreements entered into by and among 2021 WFOEs, 2021 VIEs and their respective shareholders.

Exclusive Management Services and Business Cooperation Agreement

Pursuant to the exclusive management services and business cooperation agreement entered into by and among 2021 WFOEs, 2021 VIEs and their shareholders, 2021 WFOEs were appointed as the exclusive technology and service providers to 2021 VIEs and their subsidiaries of comprehensive corporate management consulting, intellectual property licensing, technical support and business support services, which are specified by 2021 VIEs and their subsidiaries in accordance with scope of their business. The service fees shall be determined by 2021 WFOEs, if not violating the mandatory provisions of PRC laws, in accordance with the specific service content and service targets, as well as 2021 VIEs and their subsidiaries' income and customer volume in a specific period, and shall be the balance of general income deducting costs, taxes and other reserved fees stipulated by laws and regulations. In addition, 2021 WFOEs are the sole and exclusive providers of services under the exclusive management services and business cooperation agreement. Without the prior written consent of 2021 WFOEs, during the effective period of the exclusive management services and business cooperation agreement, 2021 VIEs, their subsidiaries and their shareholders shall not directly and indirectly obtain the same or similar exclusive techniques and services as provided under the exclusive management services and business cooperation agreement from any third party, or establish any similar business cooperative relation with any third party with respect to the matters stipulated herein. Moreover, 2021 WFOEs have the exclusive proprietary rights to and interests in any and all intellectual property rights developed or produced by performance of the exclusive management services and business cooperation agreement. Without 2021 WFOEs' consents, 2021 VIEs and their subsidiaries and their shareholders enjoy no rights other than those provided in the exclusive management services and business cooperation agreement. Further, 2021 VIEs and their subsidiaries grant to 2021 WFOEs an irrevocable and exclusive purchase right, which allows 2021 WFOEs to purchase, subject to compliance with the PRC laws, at their discretions, any or all of the assets and business of 2021 VIEs or their subsidiaries at the lowest price as permitted under PRC laws and regulations. The exclusive management services and business cooperation agreement shall remain in force during the business operation period of 2021 WFOEs and 2021 VIEs unless otherwise terminated earlier by consensus of the all parties to the exclusive management services and business cooperation agreement. 2021 WFOEs have the sole discretion and right to terminate the exclusive management services and business cooperation agreement with written notice at any time. Without 2021 WFOEs' written consents, 2021 VIEs, their subsidiaries and their shareholders have no right to terminate the exclusive management services and business cooperation agreement.

Equity Interest Pledge Agreement

Under the equity interest pledge agreement entered into by and among 2021 WFOEs, 2021 VIEs and their shareholders, 2021 VIEs and their shareholders pledged all of their equity interests in 2021 VIEs to 2021 WFOEs as security for performance of the obligations of 2021 VIEs and their shareholders, as applicable, under the exclusive management services and business cooperation agreement, the exclusive call option agreement, the powers of attorney, and consent letters (collectively the "Master Agreements"). The pledge thereunder shall be effective from the date of registration of the pledge with competent governmental authorities to the date on which all the Master Agreements are completely performed, invalidated or terminated. In the term of pledge, if 2021 VIEs or their shareholders fail to perform any of their obligations under the equity interest pledge agreement or the Master Agreements, or in case of occurrence of other specified events, 2021 WFOEs shall have the right but not obligated to dispose the pledged equity interest in accordance with the provisions of the equity interest pledge agreement. 2021 VIEs and their shareholders undertake that, without the prior written consent of 2021 WFOEs, they will not transfer, or create or allow any encumbrance on the pledged equity interests.

In November 2024, Beijing Yiqi Hangfan and Beijing Yiqi Development entered into equity interest pledge agreements with each of Beijing Yiqi Development's shareholders in replace of the equity interest pledge agreement executed in March 2022, which includes terms substantially similar to the equity interest pledge agreement relating to 2021 VIEs as described above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The VIE arrangements - continued

Equity Interest Pledge Agreement - continued

In August 2025, Beijing Yiqi Hangfan and Beijing Yiqi Development entered into equity interest pledge agreements with each of Beijing Yiqi Development's shareholders in replace of the equity interest pledge agreement executed in November 2024, which includes terms substantially similar to the equity interest pledge agreement relating to 2021 VIEs as described above.

Exclusive Call Option Agreement

Under the exclusive call option agreement entered into by and among 2021 WFOEs, 2021 VIEs and their shareholders, 2021 WFOEs have the exclusive, unconditional and irrevocable right to require the shareholders of 2021 VIEs, upon occurrence of the following situations and subject to the requirements by 2021 WFOEs, to transfer any or all of the equity interest in 2021 VIEs held by the shareholders to them and/or a third party designated by them for free or considerations equivalent to the minimum purchase price permitted under the PRC laws and regulations: (1) 2021 WFOEs or the third party designated by them are permitted to hold any or all of the equity interest in 2021 VIEs under the PRC laws; or (2) subject to the PRC laws, any situation as 2021 WFOEs think is appropriate or necessary. The shareholders of 2021 VIEs agree that they will return to 2021 VIEs, 2021 WFOEs or its designated party any consideration received, in the event that 2021 WFOEs exercises the option under the exclusive call option agreement to acquire such equity interest. In addition, shareholders of 2021 VIEs undertake that, subject to the PRC laws and regulations and after taxes required by PRC laws and regulations have been paid, before their transferring the equity interest in 2021 VIEs to 2021 WFOEs, they shall deliver the dividends, bonus, or any other property distributed from 2021 VIEs to 2021 WFOEs or any third party designated by 2021 WFOEs as soon as possible and within three (3) days after receipt of such dividends, bonus or any other property. 2021 VIEs and their shareholders covenant that, without 2021 WFOEs' prior written consents, among other things, they shall not (i) transfer any equity interest in 2021 VIEs to any third party, or create any pledge, mortgage, guarantee, or any other right in the benefit of any third party in the equity interest in 2021 VIEs held by them, except the pledge provided in the equity pledge agreement by and among 2021 WFOEs, 2021 VIEs and their shareholders, (ii) supplement, change or amend the articles of association and bylaws of 2021 VIEs in any manner, or increase or reduce registered capital or change structure of registered capital of 2021 VIEs in any other manner, (iii) enter into any material contract or change the scope of business of 2021 VIEs, (iv) terminate any material contract to which 2021 VIEs are parties or entered into any agreement that affect 2021 VIEs' financial status and asset value; (v) create, succeed, warrant or allow any debt except the account payable occurred in ordinary course, provided however, such account payable shall not be created by loan from any other person, (vi) announce or pay any dividend to the shareholders, (vii) sell, transfer, license or dispose in any manner any asset of 2021 VIEs, or allow the encumbrance hereon of any asset of 2021 VIEs, unless 2021 VIEs are able to prove that the such sale, transfer, license, deposition or encumbrance is necessary for their business in ordinary course and the transaction amount of one single transaction shall not higher than RMB100 thousand. In the event that during the term of the exclusive call option agreement 2021 VIEs' liquidate or dissolve, subject to the PRC laws and regulations, 2021 VIEs and their shareholders shall designate person recommended by 2021 WFOEs to constitute the liquidation group and manage the asset of 2021 VIEs. Further 2021 VIEs and their shareholders covenant that they shall appoint persons designated by 2021 WFOEs as directors, supervisors and/or senior management of 2021 VIEs, and/or remove the incumbent directors, supervisors and/or senior management of 2021 VIEs at 2021 WFOEs' request and complete all relevant filing procedures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The VIE arrangements - continued

Proxy Agreement and Powers of Attorney

Pursuant to the respective powers of attorney executed by each of 2021 VIEs' shareholders, each of 2021 VIEs' shareholders irrevocably authorized 2021 WFOEs or their designee(s) to act on their respective behalf as proxy attorney and at such person's own will, to the extent permitted by law, to exercise all rights of shareholders concerning all the equity interest held by each of them in 2021 VIEs, including but not limited to proposing to convene or attend shareholder meetings, signing relevant resolutions, nominating, voting and appointing on shareholder meetings, receiving dividends and selling, transferring, pledging or disposing of all the equity held in part or in whole, and exercising all other rights as shareholders. The powers of attorneys shall remain valid for the duration of the exclusive management services and business cooperation agreement.

In November 2024, each of Beijing Yiqi Development's shareholders entered into a power of attorney relating to the authorization of Beijing Yiqi Hangfan in replace of the powers of attorney executed in March 2022, each of which includes terms substantially similar to the powers of attorneys relating to 2021 VIEs as described above, respectively.

In August 2025, each of Beijing Yiqi Development's shareholders entered into a power of attorney relating to the authorization of Beijing Yiqi Hangfan in replace of the powers of attorney executed in November 2024, each of which includes terms substantially similar to the powers of attorneys relating to 2021 VIEs as described above, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The VIE arrangements - continued

Consent Letters

Pursuant to consent letters executed by the spouse of each 2021 VIEs' shareholder, the spouse of each 2021 VIEs' shareholder confirms that she is aware of and consents to the execution of the exclusive management services and business cooperation agreement, the exclusive call option agreement, the powers of attorney and the equity pledge agreement (collectively, the "Transaction Documents") by her spouse, and agrees the disposal of the equity interests in 2021 VIEs in accordance with the Transaction Documents. Spouses covenant that they will not take any action at any time to hinder the disposal arrangement of such equity interest, including but not limited to claiming that the said equity interest belongs to her joint property with her spouse, and confirm that their spouses may further amend or terminate the Transaction Documents without the need for authorization or consent by them and they will execute all documents and take all actions necessary to ensure that the Transaction Documents (as amended from time to time) are properly performed. In addition, the spouse of each 2021 VIEs' shareholder undertakes to unconditionally and irrevocably waive any rights or interests in the equity and corresponding assets of 2021 VIEs that may be granted to her, she will be bound by Transaction Documents as amended from time to time if she has obtained any equity interests, directly or indirectly, in 2021 VIEs for whatever reasons.

In 2022, to further expand the Group's business operations, the Company set up Guangzhou Qili and further entered into a series of contractual arrangements with Guangzhou Qili and its shareholders through a wholly-owned subsidiary Guangzhou Qixiang, in which the terms included are substantially similar to the contractual agreements entered into by and among 2021 WFOEs, 2021 VIEs and their respective shareholders as disclosed above. Through these contractual arrangements, the Company has (1) the power to direct the activities that most significantly affect the economic performance of Guangzhou Qili, and (2) the right to receive the economic benefit of Guangzhou Qili that could potentially be significant to Guangzhou Qili. Accordingly, the Company is considered as the primary beneficiary of Guangzhou Qili, and has consolidated the financial results of Guangzhou Qili in its consolidated financial statements.

Risks in relation to VIE structure

The Company believes that the contractual arrangements with the VIEs and VIE's shareholders are in compliance with existing PRC laws and regulations and are legally enforceable. However, the contractual arrangements are subject to risks and uncertainties, including:

The VIEs and VIEs' shareholders may have or develop interests that conflict with the Group's interests, which may lead them to pursue opportunities in violation of the aforementioned contractual agreements. If the Group cannot resolve any conflicts of interest or disputes between the Group and the shareholders of the VIEs, the Group would have to rely on legal proceedings, which could result in disruption of its business, and there is substantial uncertainty as to the outcome of any such legal proceedings.

The VIEs and VIE's shareholders could fail to obtain the proper operating licenses or fail to comply with other regulatory requirements. As a result, the PRC government could impose fines, new requirements or other penalties on the VIEs or the Group, mandate a change in ownership structure or operations for the VIEs or the Group, restrict the VIEs or the Group's use of financing sources or otherwise restrict the VIEs or the Group's ability to conduct business.

The PRC government may declare the aforementioned contractual arrangements invalid. They may modify the relevant regulations, have a different interpretation of such regulations, or otherwise determine that the Group or the VIEs have failed to comply with the legal obligations required to effectuate such contractual arrangements.

If the legal structure and contractual arrangements were found to be in violation of PRC laws and regulations, the PRC government may restrict or prohibit the Group's business and operations in China.

The Group's ability to conduct its business may be negatively affected if the PRC government were to carry out any of the aforementioned actions. As a result, the Group may not be able to consolidate the VIEs and VIEs' subsidiaries in the consolidated financial statements as the Group may lose the ability to exert effective control over the VIEs and VIEs' shareholders, and the Group may lose the ability to receive economic benefits from the VIEs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The VIE arrangements - continued

Risks in relation to VIE structure - continued

The Group's business has been directly operated by the VIEs and their subsidiaries. As of December 31, 2024 and 2025, the VIEs and VIEs' subsidiaries accounted for an aggregate of 43% and 62% of the Group's consolidated total assets, respectively, and 44% and 71% of the Group's consolidated total liabilities, respectively.

The following financial position and financial performance of the VIEs and VIEs' subsidiaries after the elimination of inter-company transactions and balances as of December 31, 2024 and 2025 for the years ended December 31, 2023, 2024 and 2025 were included in the accompanying consolidated financial statements:

	As of December 31,	
	2024 RMB	2025 RMB
Cash and cash equivalents	66,162	205,219
Restricted cash	49	49
Accounts receivable	67,097	41,422
Prepaid expenses and other current assets	74,184	93,686
Total current assets	207,492	340,376
Property and equipment, net	18,930	15,335
Right-of-use assets	8,457	10,289
Other non-current assets	1,465	1,465
Total non-current assets	28,852	27,089
Total assets	**236,344**	**367,465**
Accrued expenses and other current liabilities	20,176	39,022
Deferred revenue and customer advances	40,198	165,798
Operating lease liabilities, current	4,758	3,759
Total current liabilities	65,132	208,579
Operating lease liabilities, non-current	3,171	6,319
Total non-current liabilities	3,171	6,319
Total liabilities	**68,303**	**214,898**

	Year ended December 31,		
	2023 RMB	2024 RMB	2025 RMB
Net revenues	168,085	186,343	103,842
Net income	42,291	17,878	9,228

The following are cash flows of the VIEs and VIEs' subsidiaries for the years ended December 31, 2023, 2024 and 2025, excluding inter-company transactions:

	Year ended December 31,		
	2023 RMB	2024 RMB	2025 RMB
Net cash (used in) generated from operating activities	(45,201)	(13,779)	172,598
Net cash generated from (used in) investing activities	8,325	(9,007)	(5,758)
Net cash generated from financing activities	—	22,388	28,900

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The VIE arrangements - continued

There were no consolidated VIEs' assets that were collateral for the VIEs' obligations and which can only be used to settle the VIEs' obligations as of December 31, 2025. No creditors (or beneficial interest holders) of the VIEs have recourse to the general credit of the Company or any of its consolidated subsidiaries. No terms in any arrangements, considering both explicit arrangements and implicit variable interests, require the Company or its subsidiaries to provide financial support to the VIEs. However, if the VIEs ever needs financial support, the Company or its subsidiaries may, at its option and subject to statutory limits and restrictions, provide financial support to the VIEs through loans to the shareholders of the VIEs or entrustment loans to the VIEs.

Foreign currency translation and transactions

The Group's reporting currency is Renminbi ("RMB"). The functional currency of the subsidiaries incorporated outside the mainland China is United States dollar ("US dollar" or "US$"). The functional currency of all the other subsidiaries, the VIEs and VIEs' subsidiaries is RMB.

Monetary assets and liabilities denominated in currencies other than the applicable functional currencies are translated into the functional currencies at the prevailing rates of exchange at the balance sheet date. Nonmonetary assets and liabilities are remeasured into the applicable functional currencies at historical exchange rates. Revenues and expenses are translated using the average rate of exchange in effect during the reporting period. Translation adjustments are reported and shown as a separate component of other comprehensive (loss) income in the consolidated statements of changes in shareholders' equity and the consolidated statements of comprehensive loss.

Transactions in currencies other than the functional currencies during the year are converted into the applicable functional currencies at the applicable rates of exchange prevailing at the dates of the transactions. Transaction gains and losses are recorded in the consolidated statements of operations.

Convenience translation

The Group's business is primarily conducted in China and all of the revenues are denominated in RMB. However, periodic reports made to shareholders will include current period amounts translated into US dollars using the exchange rate as of balance sheet date, for the convenience of the readers. Translations of balances in the consolidated balance sheets and the related consolidated statements of operations, comprehensive loss, change in shareholders' equity and cash flows from Renminbi ("RMB") into US dollars as of and for the year ended December 31, 2025 are solely for the convenience of the readers and were calculated at the rate of US$1.00=RMB6.9931 representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 31, 2025. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US$ at that rate on December 31, 2025, or at any other rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and term deposits, which have original maturities of three months or less when purchased and are subject to insignificant risk of changes in value.

Restricted cash

Restricted cash represents the cash and cash equivalents deposited in bank accounts that are legally restricted as to withdrawal or for use.

Term Deposits

Term deposits consist of deposits placed with financial institutions with original maturities of greater than three months and less than one year. The Group classifies the term deposits as held-to-maturity investments stated at amortized cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts receivable

Accounts receivable represents those receivables derived in the ordinary course of business, net of allowance for doubtful accounts. The Group evaluates its accounts receivable for expected credit losses on a regular basis. The Group maintains an estimated allowance for credit losses to reduce its accounts receivable to the amount that it believes will be collected. The Group uses the creditworthiness of customers, aging of the receivables, transaction history with customers and their current condition, changes in customer payment terms, specific facts and circumstances, and the overall economic climate in the industries the Group serves to monitor the Group's receivables within the scope of expected credit losses model and use these as a basis to develop the Group's expected loss estimates.

Fair value

Fair value is considered to be the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability.

Authoritative literature provides a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the hierarchy within which the fair value measurement in its entirety falls is based upon the lowest level of input that is significant to the fair value measurement as follows:

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Financial instruments

The Group's financial instruments consist primarily of cash and cash equivalents, restricted cash, term deposits and accounts receivable.

As of December 31, 2024 and 2025, the carrying values of cash and cash equivalents, restricted cash, term deposits and accounts receivable approximated their fair values reported in the consolidated balance sheets due to the short term maturities of these instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and equipment, net

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Category	Estimated useful life
Electronic equipment	3 to 5 years
Leasehold improvement	Shorter of the lease term or estimated economic life
Software	3 to 5 years
Furniture and office equipment	5 years

Repair and maintenance costs are charged to expense as incurred, whereas the cost of renewals and betterment that extends the useful lives of property and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the cost and accumulated depreciation from the assets and accumulated depreciation accounts with any resulting gain or loss reflected in the consolidated statements of operations.

Impairment of long-lived assets

The Group reviews its 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 based on the fair value of the assets.

Revenue recognition

Revenue is recognized when control of promised goods or services is transferred to the Group's customers in an amount of consideration to which the Group expects to be entitled to in exchange for those goods or services. The Group follows the five steps approach for revenue recognition under Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the Group satisfies a performance obligation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

(1) Teaching and learning SaaS offerings

From September 2021, the Group launched Teaching and learning SaaS offerings which integrate software and hardware to provide data driven recommendation and other value-added functions to cater the needs of students, teachers, schoolmasters and educational authorities. These offerings help schools and teachers digitalize traditional teaching resources, achieve data synchronization across different education functions, and gain insights into students' academic performance. The Group's Teaching and learning SaaS offerings is provided based on independently configurable modules, including classroom solutions, question banks, homework assignments, self-directed learning and multi-role reporting, etc. The major customers of Teaching and learning SaaS offerings are regional educational authorities and schools.

For Teaching and learning SaaS offerings contracts where the Group provides customers an access to its hosted applications and platforms on a subscription model, the Group identifies SaaS subscription as one performance obligation and recognizes revenue ratably over the subscription period. In certain contracts where customers also purchase proprietary hardware which is adapted to the subscribed SaaS, the hardware provides additional and elevated functionalities when paired with subscribed SaaS. The hardware could not be used and sold separately without the Group's Teaching and learning SaaS offerings. Therefore, the Group determines the hardware and subscribed SaaS represent one performance obligation, as they are highly interdependent and interrelated, and the related revenue is recognized ratably over the SaaS subscription period. In certain SaaS subscription contracts, instead of purchasing, the customers lease and utilize the hardware for the SaaS subscription period. The Group assessed and determined that the leases of hardware are operating leases, and the non-lease component of subscribed SaaS service is the predominant component. The Group elected to apply the practical expedient to account for the lease component and the non-lease component as a combined non-lease component. The timing and pattern of control transfer of the hardware lease component and subscribed SaaS service component are the same. Accordingly, the related revenue is recognized ratably over the SaaS subscription period.

For Teaching and learning SaaS offerings contracts that contain purchasing of software license and SaaS subscription, the Group concludes that software license and subscribed SaaS are distinct since each of their functionalities has utility on their own. The Group may also provide technical support for purchased software license as post-delivery maintenance services, which is considered as a separate performance obligation. In contracts where customers purchase software license, maintenance service and subscribed SaaS, the Group allocates the transaction price to each of the performance obligations based on their relative standalone selling prices. The Group recognizes revenue of software license over a period of time during which the control of software license is progressively transferred to customers as the Group's service creates, customizes and enhances the software that the customer controls. The measure of progress is based on costs incurred as compared with total estimated budget costs. For the subscribed SaaS, the revenue is recognized ratably over the subscription period. Revenue of maintenance service is recognized over the service period and was immaterial for the periods presented. For certain contracts, customers may only purchase hardware and Group recognizes revenue of hardware when the control of the hardware is transferred to customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

(2) Other educational products and services

Other educational products and services includes the sales of membership-based premium educational content with subscription periods ranging from 15 days to one year. The Group has determined that the membership-based premium educational content subscription services represent one performance obligation. The Group collects the content subscription fee in advance and records it as deferred revenue. Refunds are offered for the remaining undelivered services, which are accounted for as variable consideration. Revenue is recognized ratably over the contract period as the Group concludes that the subscription services represent a stand ready obligation to provide the services while the member simultaneously receives and consumes the benefits of such services throughout the contract period.

Contract and refund liabilities

The following table provides information about the Group's contract and refund liabilities arising from contract with customers.

	As of December 31,	
	2024	2025
	RMB	RMB
Deferred revenue and customer advances	40,397	165,939
Refund liabilities	211	10,886

Deferred revenue primarily consists of transaction price received from customers for which the Group's revenue recognition criteria had not been met. The deferred revenue is recognized as revenue once related services and goods are delivered. For the years ended December 31, 2024 and 2025, revenue recognized that was included in the deferred revenue and customer advances balance at January 1, 2024 and January 1, 2025 amounted to RMB44,949 and RMB40,397, respectively.

Refund liabilities represent the service fees collected by the Group which are expected to be refunded back to customers as a result of its refund policy. Refund liabilities are estimated based on the anticipated cash refunds that would occur in the normal course of business.

The Group's remaining performance obligations represents the amount of the transaction price for which service has not been performed. As of December 31, 2025, the aggregate amount of the transaction price allocated for the remaining performance obligations amounted to RMB165,939. The Group expects to recognize revenue of RMB165,939 related the remaining performance obligations over the next 12 months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

The Group elects to apply the practical expedient to expense incremental costs of obtaining a contract when incurred as the amortization period of the contract cost that the Group otherwise would have amortized is generally less than one year.

Disaggregation of revenue

For the years ended December 31, 2023, 2024 and 2025, all of the Group's revenues were generated in the PRC. Additionally, all the revenues for the periods were recognized from contracts with customers. The following table provides information about disaggregated revenue by types:

	Year ended December 31,		
	2023 RMB	2024 RMB	2025 RMB
Net service revenues			
Teaching and learning SaaS offerings	149,119	174,746	75,153
Other educational products and services [(1)]	21,843	14,466	9,766
	170,962	189,212	84,919
Net product revenues			
Teaching and learning SaaS offerings	—	—	21,105
	—	—	21,105
Total net revenues	**170,962**	**189,212**	**106,024**

(1)Other educational products and services represent membership-based premium subscription services for educational content products with various learning resources.

Cost of Revenue

Cost of revenues mainly consists of (i) hardware and software purchased for deliveries Teaching and Learning SaaS offerings, (ii) salaries, welfare and service fees, (iii) costs of educational materials of other educational products and services, and logistics costs, and (iv) rental expenses for office space, bandwidth costs, depreciation of property and equipment, and other technical costs.

Research and development expenses

Research and development expenses primarily consist of (i) salaries and benefits for development of course content, product and technology development personnel, and (ii) office rental, general expenses and depreciation expenses associated with the research and development activities. The Group's research and development activities primarily consist of the development and enhancement of the Group's educational content, applications and platforms. The Group has expensed all research and development expenses when incurred.

Sales and marketing expenses

Sales and marketing expenses primarily consist of (i) salaries, benefits and commission for sales and marketing personnel, and (ii) office rental, general expenses and depreciation and amortization expenses associated with the sales and marketing activities.

The Group expenses advertising costs as incurred. Total advertising costs incurred were RMB1,035, RMB131 and nil for the years ended December 31, 2023, 2024 and 2025, respectively.

Value added taxes ("VAT")

The Group's services are subject to VAT at the rate of 6%, and sales of goods are calculated at 13% on revenue and paid after deducting input VAT on purchases for general-VAT-payer entities in accordance with tax rule, except for certain VIEs and one subsidiary subject to a simple VAT collection method at a rate of 3%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Leases

The Group leases offices in different cities in the PRC under operating leases. The Group determines whether an arrangement constitutes a lease at inception and records lease liabilities and right-of-use assets on its consolidated balance sheets at the lease commencement. The Group measures its lease liabilities based on the present value of the total lease payments not yet paid discounted based on its incremental borrowing rate, as the rates implicit in its leases are not determinable. The Group's incremental borrowing rate is the estimated rate the Group would be required to pay for a collateralized borrowing equal to the total lease payments over the term of the lease. The Group estimates its incremental borrowing rate based on an analysis of publicly traded debt securities of companies with credit and financial profiles similar to its own. The Group measures right-of-use assets based on the corresponding lease liability adjusted for payments made to the lessor at or before the commencement date, and initial direct costs it incurs under the lease. The Group begins recognizing rent expense when the lessor makes the underlying asset available to the Group. The Group's leases have remaining lease terms of up to five years, some of which include options to extend the leases for an additional period which has to be agreed with the lessors based on mutual negotiation. After considering the factors that create an economic incentive, the Group did not include renewal option periods in the lease term for which it is not reasonably certain to exercise.

For short-term leases, the Group records operating lease expense in its consolidated statements of operations on a straight-line basis over the lease term.

Amendments to a lease are assessed to determine if it represents a lease modification or a separate contract. Lease modifications are reassessed as of the effective date of the modification using an incremental borrowing rate based on the information available at the commencement date. For modified leases the Company also reassesses the lease classification as of the effective date of the modification.

Income taxes

Current income taxes are provided for in accordance with the laws of the relevant tax authorities. Deferred income taxes are recognized when temporary differences exist between the tax bases of assets and liabilities and their reported amounts in the financial statements. Net operating loss carry forwards and credits are applied using 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 a portion of or all of the deferred tax assets will not be realized. The impact of an uncertain income tax position is recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Interest and penalties on income taxes are classified as a component of the provisions for income taxes.

Share-based compensation

The Company grants share options and restricted shares ("RSs") to its employees (together, "Share-Based Awards").

The Group measures the cost of the Share-Based Awards based on the grant date fair value of the awards and recognizes compensation cost over the vesting period, which is generally the requisite service period as required by the award agreement. When no future services are required to be performed by the employee in exchange for an award of equity instruments, the cost of the award is expensed on the grant date. The Group elects to recognize forfeitures when they occur.

The cancellation of an award accompanied by the concurrent grant of a replacement award is accounted for as a modification of the terms of the awards. The incremental compensation cost is measured as the excess of the fair value of the modified award over the fair value of the modified award at the modification date. The incremental portion of share-based compensation for the vested portion is recognized immediately and the incremental portion of share-based compensation for the nonvested portion is recognized over the remaining vesting period of the award. If an award is canceled without the concurrent grant of a replacement award or any other consideration, unrecognized compensation cost related to the canceled award is recognized immediately upon cancelation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Share-based compensation - continued

For awards granted with a performance condition that affects vesting, the performance condition is not considered in determining the award's grant-date fair value; however, the performance condition is considered when estimating the quantity of awards that are expected to vest. No compensation expense is recorded for awards with a performance condition unless and until the performance condition is determined to be probable of achievement.

For awards granted with market condition that affects vesting, the effect of a market condition is reflected in the award's grant-date fair value. The compensation cost related to awards with market condition is recognized over the requisite service period regardless of whether the market condition is satisfied.

Comprehensive loss

Comprehensive loss includes net loss and foreign currency translation adjustments. Comprehensive loss is reported in the consolidated statements of comprehensive loss.

Net loss per share

Basic net loss per share is computed by dividing net loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised into ordinary shares. To calculate the number of shares for diluted loss per share, the effect of the share options is computed using the treasury stock method.

The Company was loss making for the years ended December 31, 2023, 2024 and 2025. The effect of potential issuances of shares for the share options was anti-dilutive, and therefore basic and diluted income per share were the same for the years ended December 31, 2023, 2024 and 2025.

Significant risks and uncertainties

Foreign currency risk

The RMB is not a freely convertible currency. The State Administration for Foreign Exchange, under the authority of the Peoples Bank of China, controls the conversion of RMB into other currencies. The value of the RMB is subject to changes in central government policies, international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The Group's cash and cash equivalents and restricted cash denominated in RMB amounted to RMB90,218 and RMB218,503 as of December 31, 2024 and 2025, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Significant risks and uncertainties - continued

Concentration of credit risk

Financial instruments that potentially expose the Group to significant concentration of credit risk primarily consist of cash and cash equivalents, restricted cash, term deposits and accounts receivable. As of December 31, 2024 and 2025, substantially all of the Group's cash and cash equivalents, restricted cash and term deposits were deposited in financial institutions with high credit rating.

The following customers accounted for 10% or more of net revenues for the years ended December 31, 2023, 2024 and 2025:

	Year ended December 31,		
	2023 RMB	2024 RMB	2025 RMB
Percentage of revenue contributed by Customer A	*%	*%	25%
Percentage of revenue contributed by Customer B	32%	17%	13%
Percentage of revenue contributed by Customer C	15%	16%	*%
Percentage of revenue contributed by Customer D	*%	14%	*%
Percentage of revenue contributed by Customer E	*%	11%	*%
Percentage of revenue contributed by Customer F	14%	*%	*%

* Revenue from such customers represented less than 10% of the Group's revenue during the respective years.

The following table summarizes accounts receivable from customers that accounted for 10% or more of the Group's accounts receivable as of December 31, 2024 and 2025:

	As of December 31,	
	2024 RMB	2025 RMB
Percentage of accounts receivable from Customer A	*%	43%
Percentage of accounts receivable from Customer G	*%	25%
Percentage of accounts receivable from Customer B	34%	*%
Percentage of accounts receivable from Customer C	16%	*%

* Accounts receivable from such customers represented less than 10% of the Group's accounts receivable at the end of respective years.

Recently adopted Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), which improves income tax disclosures. The amendments require the disclosure of specific categories in the rate reconciliation and additional information for reconciling items that meet a quantitative threshold. The amendments also require disaggregated information about the amount of income taxes paid, Income (or loss) from continuing operations before income tax expense and Income tax expense from continuing operations. The new guidance is required to be applied either prospectively or retrospectively. This guidance is effective for the Group's fiscal years beginning after December 15, 2024. Early adoption is permitted. Beginning January 1, 2025, the Group adopted ASU 2023-09 prospectively. The adoption did not have a material impact on the consolidated financial statements, and the required disclosures are included in Note 10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Recently issued accounting pronouncements not yet adopted

In November 2024, the FASB issued ASU No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-03"), and in January 2025, the FASB issued ASU No. 2025-01, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date ("ASU 2025-01"). ASU 2024-03 requires additional disclosure of the nature of expenses included in the income statement as well as disclosures about specific types of expenses included in the expense captions presented in the income statement. ASU 2024-03, as clarified by ASU 2025-01, is effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. This guidance will be applied either prospectively or retrospectively. The Company is in the process of evaluating the impact of the adoption of these standards on its consolidated financial statements and disclosures.

In January 2025, the FASB issued ASU No. 2025-01, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. This ASU amends the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption of Update 2024-03 is permitted. The Company is currently evaluating the impact of this ASU on its financial statements.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses for Accounts Receivable and Contract Assets, which provides a practical expedient when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606, Revenue from Contracts with Customers. The practical expedient assumes that current conditions as of the balance sheet date do not change for the remaining life of the assets. The guidance is effective for the Company beginning December 15, 2025, with early adoption permitted. The Company does not expect the adoption to have a material impact on its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, Intangibles: Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software (ASU 2025-06). The guidance modernizes the accounting for software costs and enhances the transparency about an entity’s software costs. The guidance is effective for the fiscal years beginning after December 15, 2027 and for interim periods within those fiscal years. This ASU can be applied prospectively, retrospectively, or under a modified transition approach. The Company is currently evaluating the impact of the new standard and do not expect to have a material impact on its consolidated financial statements resulting from adoption of the new standard.

In December 2025, the FASB issued ASU 2025-11 to amend the guidance in “Interim Reporting” (Topic 270). The update provides clarifications intended to improve the consistency and usability of interim disclosure requirements, including a comprehensive listing of required interim disclosures and a new disclosure principle for reporting material events occurring after the most recent annual period. The amendments do not change the underlying objectives of interim reporting but are designed to enhance clarity in application. The ASU is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years. The Company is currently evaluating the effects that ASU 2025-11 will have on its interim consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities, which provides updated guidance on how to recognize, measure, and present government grants. The ASU will be effective for annual reporting periods beginning after December 15, 2028, including interim periods within those fiscal years. with early adoption permitted. The Company is currently assessing the effect of this update on its consolidated financial statements.

3. ACCOUNTS RECEIVABLE, NET

The following is a summary of accounts receivable as of December 31, 2024 and 2025:

	As of December 31,	
	2024 RMB	2025 RMB
Accounts receivable, gross	88,179	62,979
Less: allowance for credit loss	(21,082)	(20,402)
Accounts receivable, net	67,097	42,577

The Group recorded a provision for current expected credit loss. The following table sets out movements of the expected credit loss provision for accounts receivable for the years ended December 31, 2024 and 2025:

	As of December 31,	
	2024 RMB	2025 RMB
Balance at beginning of the period	(8,397)	(21,082)
Additions	(12,685)	(365)
Reversal	—	1,045
Balance at end of the period	(21,082)	(20,402)

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS, NET

Prepaid expenses and other current assets consisted of the following:

	As of December 31,	
	2024 RMB	2025 RMB
Prepaid VAT	63,802	59,695
Receivables from third-party payment platforms [(1)]	5,122	17,056
Inventories	—	15,662
Prepayments to suppliers[(2)]	13,412	9,896
Interest receivables	676	1,286
Deposits [(3)]	305	287
Prepaid rental expenses [(4)]	294	196
Receivables for disposal of property and equipment	610	—
Others	4,211	2,851
Subtotal	88,432	106,929
Less: allowance for credit loss	(5,919)	(5,794)
Total	82,513	101,135

(1)Receivables from third-party payment platforms consisted of cash that had been received from customers but held by the third-party payment platforms. The Group subsequently collected the full balance from third-party payment platforms.

(2)Prepayments to suppliers mainly consisted of prepayments for goods and services procurement related to service delivery, and prepaid operating expenses. The nature of such prepayments was generally short-term.

(3)Deposits mainly consisted of property management deposits and rental deposits, which are refundable within one year.

(4)The prepaid rental expenses balance represented the prepaid rental expenses for short-term leases.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	As of December 31,	
	2024 RMB	2025 RMB
Electronic equipment	80,811	86,746
Software	18,656	18,656
Leasehold improvement	6,319	6,319
Furniture and office equipment	1,740	1,592
Total	107,526	113,313
Less: accumulated depreciation	(77,618)	(87,429)
Less: accumulated impairment loss	(3,498)	(3,429)
	26,410	22,455

Depreciation expenses were RMB16,171, RMB12,280 and RMB9,997 for the years ended December 31, 2023, 2024 and 2025, respectively. The Group had disposed certain impaired property and equipment for the years ended December 31, 2024 and 2025.

6 OPERATING LEASES

The Group's leases consist of operating leases for administrative office located in different cities in the PRC. Certain leases include rental escalation clauses with fixed rate rent increase over the term of the lease, which is factored into the Group's determination of lease payments. As of December 31, 2024 and 2025, the Group has no finance lease.

The components of lease expense for the years ended December 31, 2023, 2024 and 2025 were as follows:

	Year ended December 31,		
	2023 RMB	2024 RMB	2025 RMB
Operating lease cost	18,537	10,904	6,509
Lease cost for leases with terms less than one year	1,356	178	67
Total lease cost	19,893	11,082	6,576

For the years ended December 31, 2023, 2024 and 2025, there is no variable lease cost and sublease income recognized in the consolidated financial statements of the Group.

The following is a maturity analysis of the annual undiscounted cash flows for lease liabilities as of December 31, 2025:

	As of December 31, 2025 RMB
2026	5,870
2027	5,355
2028	4,497
2029	541
2030 and thereafter	—
Total future lease payments	16,263
Less: imputed interest	(1,587)
Balance as of December 31, 2025	14,676

The following table provides a summary of the Group's lease terms and discount rates for the years ended December 31, 2023, 2024 and 2025:

	Year ended December 31,		
	2023	2024	2025
Weighted average remaining lease term (years)	3.19	1.84	2.93
Weighted average discount rate (percentage)	9.43	7.51	7.56

Supplemental information related to the Group's operating leases for the years ended December 31, 2023, 2024 and 2025 were as follows:

	Year ended December 31,		
	2023 RMB	2024 RMB	2025 RMB
Cash paid for operating leases	17,438	8,913	6,126
Right-of-use assets increased due to lease modification	982	832	9,013

7. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the followings:

	As of December 31,	
	2024 RMB	2025 RMB
Rental deposits	2,249	2,249
Others	179	136
	2,428	2,385

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The components of accrued expenses and other current liabilities were as follows:

	As of December 31,	
	2024 RMB	2025 RMB
Salary and welfare payable	88,665	96,451
Accrued operating expenses	11,895	12,721
Refund liabilities [(1)]	211	10,886
Payable for acquisitions of property and equipment	2,250	2,247
Other tax payable	1,401	975
	104,422	123,280

(1)Refund liabilities represented the estimated amounts of fees collected by the Group which are estimated to be refunded as described in Note 2.

9. SHARE-BASED COMPENSATION

2015 Share Option Plan

On March 9, 2015, the Group adopted the 2015 Share Option Plan ("2015 Plan"), under which the maximum number of shares that may be granted is 59,899,375 shares. The vesting schedules ranged from two to five years with the options vesting on various dates during the vesting period.

2018 Share Option Plan

On January 12, 2018, the Group adopted the 2018 Share Option Plan ("2018 Plan"), under which the maximum number of shares that may be granted is 25,703,602 shares. The vesting schedules under the 2018 Plan are the same as the 2015 Plan.

2020 Share Incentive Plan

On November 12, 2020, the Group adopted the 2020 Share Incentive Plan, which was subsequently amended on March 8, 2022 ("2020 Plan"), under which the maximum number of shares that may be granted is initially 20,521,221 shares, plus an annual increase on the first day of each fiscal year of the Company during the term of the 2020 Plan commencing with the fiscal year beginning January 1, 2021, by an amount equal to 2.0% of the total number of issued and outstanding shares, on an as-converted and fully diluted basis, on the last day of the immediately preceding fiscal year and the number of ordinary shares repurchased by the Group from time to time pursuant to share repurchase programs of the Group, or such lesser number as determined by the chief executive officer of the Group.

The vesting schedules and vesting conditions under the 2020 Plan shall be determined by the plan administrator, which are specified in the relevant award agreements.

On April 23, 2025, the Company's Board of Directors approved the amendment and restatement of the 2015 Plan, the 2018 Plan and the 2020 Plan, to extend the expiration date of the options granted under and the ending date of the term of each of the 2015 Plan, the 2018 Plan and the 2020 Plan, to December 31, 2035. The Group accounted for the extension of expiration date of the options as modifications. Incremental compensation expense as a result of these modifications was immaterial.

The following table summarized the Group's share option activities for the year ended December 31, 2025:

	Number of options	Weighted average exercise price US$	Weighted average remaining contract life	Weighted average grant date fair value US$	Aggregate intrinsic value US$
Outstanding as of January 1, 2025	65,215,091	0.11	7.50	0.44	1,570,990
Granted*	38,769,000	0.0014		0.08	
Forfeited	(8,893,524)	0.0014		0.14	
Exercised	(6,869,700)	0.0014		0.86	
Outstanding as of December 31, 2025	88,220,867	0.07	7.81	0.28	5,612,057
Vested and expect to vest as of December 31, 2025	88,220,867	0.07	7.81	0.28	5,612,057
Exercisable as of December 31, 2025	49,504,779	0.13	6.47	0.49	2,893,018

* In October 2025, the Group granted 7,000,000 options with market conditions to two officers. The market conditions will be satisfied upon the Group's achievement of certain market capitalization targets for a specified period, provided that the recipients remain employed by the Group.

9. SHARE-BASED COMPENSATION - continued

2020 Share Incentive Plan - continued

In determining the fair value of the share options, the binomial option pricing model was applied. The key assumptions used to determine the fair value of the options at the respective grant dates in 2023, 2024 and 2025 were as follows:

	For the years ended December 31		
Grant date	2023	2024	2025
Expected volatility	61.2%	92.51%~106.51%	102.60%~104.15%
Risk-free interest rate	2.9%	3.96%~4.09%	4.05%~4.77%
Exercise multiples	2.2	2.2~92.2	2.2~2.8
Expected dividend yield	0.0%	0.0%	0.0%
Life of options	10 years	10 years	10 years
Fair value of underlying ordinary shares	$0.19	$0.03~$0.05	$0.03~$0.09

(1) Expected volatility

The volatility of the underlying ordinary shares during the lives of the options was estimated based on the historical stock price volatility of comparable listed companies over a period comparable to the expected term of the options.

(2) Risk-free interest rate

Risk-free interest rate was estimated based on the daily treasury long term rate of the U.S. Treasury Department with a maturity period close to the expected term of the options, plus the country default spread of China.

(3) Exercise multiples

Exercise multiple represents the value of the underlying share as a multiple of exercise price of the option which, if achieved, results in exercise of the option.

(4) Dividend yield

The dividend yield was estimated by the Group based on its expected dividend policy over the expected term of the options.

(5) Life of options

Life of options was extracted from option agreements.

The Group recorded compensation expense of RMB41,841, RMB35,680 and RMB27,207 for the years ended December 31, 2023, 2024 and 2025, respectively related to share options.

As of December 31, 2025, the unrecognized compensation expense related to share options amounted to RMB20,530, which will be recognized over a weighted-average period of 2.19 years.

9. SHARE-BASED COMPENSATION - continued

2020 Share Incentive Plan - continued

Employee Benefit Trust

The Company established three trusts, namely, 17 Prosperity Limited, Alouette Limited, and Great Merit Group Limited, which are controlled by the Company as vehicles to hold shares that will be used to provide incentives and rewards to management team members who contribute to the success of the Company's operations (the "Shareholding Platforms"). The Shareholding Platforms have no activities other than administrating the incentive programs and do not have any employees. On behalf of the Company and subject to approvals from its Board of Directors, advisory committee was set up for each Shareholding Platform, who holds the authority and responsibility to process the eligible participants to whom awards will be granted, the number of shares, the terms and conditions of such awards.

In June and October 2020, the Group granted 32,855,200 restricted shares to certain management (the "Selected Management") to replace options previously granted under the 2015 and 2018 plan. The purchase price of the restricted shares of US$0.0014 per share is the exercised price of the original options and was paid by the Selected Management at the time the restricted shares were granted. The vesting and other requirements imposed on the restricted shares were the same as those under the original option granted. As a result, the Group accounted for the issuance of restricted shares in exchange of the options of the Selected Management as a modification. Incremental compensation expense as a result of this modification was immaterial.

The restricted shares received by the Selected Management were immediately transferred to the Shareholding Platforms. All shareholder rights of the nonvested restricted shares, including but not limited to voting rights and dividend rights, are unconditionally waived until the shares are vested. As a result, all nonvested shares held by the Shareholding Platforms are solely for purpose of future issuance to employees once they vest, and have been treated as treasury shares in the consolidated financial statements.

In July 2024, the Group terminated these three trusts. Consequently, all vested and nonvested restricted shares released from the Shareholding platform upon termination were issued directly to the Selected Management. Regarding the nonvested restricted shares released from the Shareholding Platforms on the termination date, the Group concurrently entered into new restricted share agreements with the Selected Management. The Group determined there is no change in the fair value of the restricted shares immediately before and after the termination of the trusts and concurrent issuance of the nonvested restricted shares. The Group concluded that the termination and concurrent issuance of the nonvested restricted shares has no accounting impact as the vesting condition and the restriction imposed under the new restricted share agreements were identical to those originally stipulated in the declaration of the trusts.

In December 2024, the Company's Board of Directors further approved the accelerated vesting of 240,440 nonvested restricted shares released from these three trusts for certain recipients under the new restricted share agreements. As a result, the restricted shares granted to theses recipients were fully vested and a share-based compensation expenses of RMB6,861 was recognized immediately upon the acceleration. The Group determined the accelerated vesting for the nonvested restricted shares was only a modification to shorten the requisite service period and did not convey incremental value to the recipients. Therefore, no incremental compensation cost was recognized in connection with the modification.

9. SHARE-BASED COMPENSATION - continued

The following table summarized the Group's activities of restricted shares for the year ended December 31, 2025:

	Number of Restricted Shares	Grant date fair value per share US$
Outstanding as of January 1, 2025	133,333	4.2
Granted	—	—
Vested	(40,000)	4.2
Forfeited	(93,333)	4.2
Outstanding as of December 31, 2025	—	—

The share-based compensation expenses recognized for these restricted shares for the years ended December 31, 2023, 2024 and 2025, were RMB41,854, RMB26,237 and RMB3,621, respectively.

As of December 31, 2025, the unrecognized compensation expense related to the restricted shares amounted to nil, and no further expense is expected to be recognized.

Total share-based compensation expense of share options and restricted shares recognized for the years ended December 31, 2023, 2024 and 2025 were as follows:

	For the years ended December 31		
	2023	2024	2025
Sales and marketing expenses	17,243	10,204	7,332
Research and development expenses	26,954	14,656	10,271
General and administrative expenses	39,498	37,057	13,225
	83,695	61,917	30,828

10. INCOME TAXES

Cayman Islands and the British Virgin Islands ("BVI")

The Company and its subsidiary, 17 Technology Limited are tax-exempted companies incorporated in Cayman Islands. Under the current laws of Cayman Islands, the Company and 17 Technology Limited are not subject to income, corporate or capital gains tax, and Cayman Islands currently have no form of estate duty, inheritance tax or gift tax. In addition, payments of dividends and capital in respect of their shares are not subject to taxation and no withholding will be required in the Cayman Islands on the payment of any dividend or capital to any holder of their shares, nor will gains derived from the disposal of their shares be subject to Cayman Islands income or corporation tax. No provision for income taxes in Cayman Islands has been made as the Company and 17 Technology Limited had no taxable income for the years ended December 31, 2023, 2024 and 2025.

The Company's subsidiaries, 17 Education World Limited, 17 Educational Products Limited, and 17 Inspire Limited are incorporated in BVI and are not subject to income tax.

Hong Kong

The Company's subsidiaries, Sunny Education (HK) Limited, 17 Vision Limited, 17 Glory Limited, and 17 Legend Limited are located in Hong Kong. According to the Hong Kong regulations, Hong Kong entities are subject to a two-tiered income tax rate for taxable income earned in Hong Kong with effect from April 1, 2018. The first HK$2 million of profits earned by HK entity will be taxed at 8.25%, while the remaining profits will continue to be taxed at the existing 16.5% tax rate. In addition, to avoid abuse of the two-tiered tax regime, each group of connected entities can nominate only one entity to benefit from the two-tiered tax rate. Considering HK entities were in accumulated loss position, they did not apply to the two-tier tax rates. No provision for Hong Kong profits tax was made as the Group had no estimated assessable profit that was subject to Hong Kong profits tax during 2023, 2024 and 2025.

PRC

The Company's subsidiary, the VIEs and the VIEs' subsidiaries, which were entities incorporated in the PRC (the "PRC entities"), are subject to PRC Enterprise Income Tax ("EIT") on their taxable income in accordance with the relevant PRC income tax laws, which have adopted a unified income tax rate of 25% since January 1, 2008.

Shanghai Hexu is qualified as High and New Technology Enterprise ("HNTE"), and accordingly is entitled to a preferential income tax rate at 15% from 2022 through 2027.

Beijing Yiqi Education is qualified as HNTE, and accordingly is entitled to a preferential income tax rate at 15% from 2021 through 2026.

Beijing Yiqi Education Technology Development is qualified as HNTE, and accordingly is entitled to a preferential income tax rate at 15% from 2023 through 2025.

The income tax expenses in the consolidated statements of operations were nil, nil and nil for the years ended December 31, 2023, 2024 and 2025, respectively. Loss before income taxes consists of:

	Year ended December 31,		
	2023	2024	2025
	RMB	RMB	RMB
Chinese mainland	(225,632)	(114,050)	(108,313)
Non-Chinese mainland	(86,150)	(78,877)	(46,103)
Loss before income taxes	(311,782)	(192,927)	(154,416)

10. INCOME TAXES - continued

PRC - continued

The reconciliation of the effective tax rate and the statutory income tax rate applicable to PRC operations for the years ended December 31, 2023 and 2024 are as follows:

	Year ended December 31,	
	2023 RMB	2024 RMB
Loss before provision for income tax	(311,782)	(192,927)
Income tax benefit computed at an applicable tax rate of 25%	(77,946)	(48,233)
Effect of non-deductible expenses	1,516	1,486
Effect of research and development expenses super deduction	(12,316)	(4,868)
Effect of preferential tax rate	16,326	3,683
Effect on tax rates in different tax jurisdictions	574	3,729
Change in valuation allowance	71,846	44,203
	—	—

The reconciliation of the effective tax rate and the statutory income tax rate applicable to PRC operations for the year ended December 31, 2025 is as follow:

	Year ended December 31, 2025	
	RMB	Percent
Income tax expense at PRC statutory rate	(38,604)	25.0%
Foreign Tax Effects		
Cayman		
Statutory income tax rate differential between PRC and other jurisdictions	9,728	(6.3%)
Hong Kong		
Statutory income tax rate differential between PRC and other jurisdictions	1,203	(0.8%)
Changes in valuation allowances	593	(0.4%)
Effect of changes in tax laws or rates enacted in the current year	—	0.0%
Effect of cross-border tax laws	—	0.0%
Change in valuation allowance	31,139	(20.2%)
Nontaxable or nondeductible items	1,205	(0.8%)
Changes in unrecognized tax benefits	—	0.0%
Other adjustments		
Effect of tax holidays inside PRC	(1,757)	1.1%
Effect of research and development expenses super deduction	(3,507)	2.3%
Income tax expense	—	—

If the tax holidays granted to Shanghai Hexu, Beijing Yiqi Education and Beijing Yiqi Development were not available, there would be no additional income tax expenses incurred for the Group and no impact on the basic and diluted net loss per ordinary share attributable to the Company, for the three years ended December 31, 2025.

10. INCOME TAXES - continued

PRC - continued

The principal components of deferred taxes were as follows:

	As of December 31,	
	2024 RMB	2025 RMB
Deferred tax assets		
Advertising and promotional expenses carrying forwards	25,465	25,577
Expected credit loss	5,681	5,590
Impairment for property and equipment, right-of-use assets, rental deposits and other assets	1,246	1,234
Net operating loss carrying forwards	1,163,453	1,195,176
Total deferred tax assets	1,195,845	1,227,577
Less: valuation allowance	(1,195,845)	(1,227,577)
Deferred tax assets, net	—	—

As of December 31, 2025, the Group had net operating loss carrying forwards of RMB5,308,191 from the Group's PRC entities, which will expire on various dates from December 31, 2026 to December 31, 2035.

The movements of valuation allowance for the years end December 31, 2023, 2024 and 2025 were as follows:

	Year ended December 31,		
	2023 RMB	2024 RMB	2025 RMB
Balance at beginning of the period	1,079,796	1,151,642	1,195,845
Additions	71,846	44,203	31,732
Balance at end of the period	1,151,642	1,195,845	1,227,577

The Group did not identify significant unrecognized tax benefits for the years ended December 31, 2023, 2024 and 2025.

The authoritative guidance requires that the Group recognizes the impact of a tax position in the financial statements if that position is more likely than not of being sustained upon audit by the tax authority, based on the technical merits of the position. Under PRC laws and regulations, arrangements and transactions among related parties may be subject to examination by the PRC tax authorities. If the PRC tax authorities determine that the contractual arrangements among related companies do not represent a price under normal commercial terms, they may make adjustments to the companies' income and expenses. A transfer pricing adjustment could result in additional tax liabilities. The Group did not have any significant unrecognized uncertain tax positions as of and for the years ended December 31, 2023, 2024 and 2025.

In addition, uncertainties exist with respect to how the current income tax law in the PRC applies to the Group's overall operations, and more specifically, with regard to tax residency status. The New Enterprise Income Tax ("EIT") Law includes a provision specifying that legal entities organized outside of the PRC will be considered residents for Chinese income tax purposes if the place of effective management or control is within the PRC. The implementation rules to the New EIT Law provide that non-resident legal entities will be considered PRC residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting and properties, occurs within the PRC. Despite the present uncertainties resulting from the limited PRC tax guidance on the issue, the Group does not believe that the legal entities organized outside of the PRC within the Group should be treated as residents for EIT law purposes. If the PRC tax authorities subsequently determine that the Company and its subsidiaries registered outside the PRC should be deemed resident enterprises, the Company and its subsidiaries registered outside the PRC will be subject to the PRC income taxes, at a rate of 25%.

11. ORDINARY SHARES

Upon the completion of the IPO, the ordinary shares of the Company are classified as Class A and Class B. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to thirty votes and is convertible into one Class A ordinary share. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

During the year ended December 31, 2023, 5,555,796 Class A ordinary shares were issued in relation to the share-based compensation.

During the year ended December 31, 2024, 2,426,347 Class A ordinary shares were issued in relation to the share-based compensation.

During the year ended December 31, 2025, 6,869,700 Class A ordinary shares were issued in relation to the share-based compensation.

On March 21, 2024, Mr. Andy Chang Liu, the founder, chairman and CEO of the Company entered into a share purchase agreement with the Company to acquire 58,453,168 Class B ordinary shares at a subscription price of US$0.0532 per share, which was the average closing price per ordinary share for the 30 trading days preceding the date of share purchase agreement. The subscription payment of RMB22,388 for the Class B ordinary shares was subsequently paid in cash at three VIEs of the Group.

On March 25, 2025, Mr. Andy Chang Liu, the founder, chairman and CEO of the Company entered into a share purchase agreement with the Company to acquire 83,093,664 Class B ordinary shares and 18,252,336 Class A ordinary shares at a subscription price of US$0.0397 per share, which was the average closing price per ordinary share for the 30 trading days preceding March 28, 2025. The subscription payment of RMB28,900 for the Class A ordinary shares and Class B ordinary shares was subsequently paid in cash at a VIE of the Group.

The Company’s Board of Directors has authorized multiple share purchase programs since 2021. On September 3, 2025, the Company's Board of Directors authorized another share repurchase program, under which the Company was authorized to repurchase up to US$10,000 of its Class A ordinary shares in the form of ADSs over the 12 months starting from September 4, 2025. Under each share repurchase program, the Company could repurchase its Class A ordinary shares from open market or through privately negotiated transactions.

During the year ended December 31, 2023, the Company repurchased 105,636,192 Class A ordinary shares (equivalent to 2,112,724 ADSs) at a total consideration of RMB51,393.

During the year ended December 31, 2024, the Company repurchased 3,921,900 Class A ordinary shares (equivalent to 78,438 ADSs) at a total consideration of RMB1,070.

During the year ended December 31, 2025, the Company repurchased 10,338,400 Class A ordinary shares (equivalent to 206,768 ADSs) at a total consideration of RMB3,516.

The total par value of the repurchased shares was recorded as treasury stock on the consolidated balance sheets, and the difference between the par value and the amount of cash paid was recorded in additional paid-in capital.

12. NET LOSS PER SHARE

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

	Year ended December 31,		
	2023 RMB	2024 RMB	2025 RMB
Numerator:			
Net loss attributable to ordinary shareholders	(311,782)	(192,927)	(154,416)
Denominator:			
Weighted average ordinary shares outstanding used in computing basic and diluted net loss per share	458,636,327	401,923,200	501,068,064
Basic and diluted loss per share	(0.68)	(0.48)	(0.31)

For the years ended December 31, 2023, 2024 and 2025, the following shares outstanding were excluded from the calculation of diluted net loss per ordinary share, as their inclusion would have been anti-dilutive for the periods prescribed.

	Year ended December 31,		
	2023	2024	2025
Shares issuable upon exercise of share options	36,121,292	40,820,828	67,915,196
Shares issuable upon vesting of restricted shares	3,391,172	795,940	30,612

13. EMPLOYEE DEFINED CONTRIBUTION PLAN

Full time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund, unemployment insurance and other welfare benefits are provided to employees. Chinese labor regulations require that the Group's PRC entities make contributions to the government for these benefits based on certain percentages of the employees' salaries. The Group has no legal obligation for the benefits beyond the contributions made. The total amount for such employee benefits, which was expensed as incurred, was RMB45,237, RMB29,357 and RMB31,254 for the years ended December 31, 2023, 2024 and 2025, respectively.

14. COMMITMENTS AND CONTINGENCIES

From time to time, the Group may be subject to other legal proceedings and claims incidental to the conduct of its business. The Group accrues the liability when the loss is probable and reasonably estimable.

15. SEGMENT INFORMATION

The Group's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer of the Group, who reviews financial information of operating segments when making decisions about allocating resources and assessing performance of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, and is identified on the basis of the internal financial reports that are provided to and regularly reviewed by the Group's CODM.

For the years ended December 31, 2023, 2024 and 2025, the Group's CODM managed the Group's business activities as a single operating and reportable segment at the consolidated level. Accordingly, the Group's CODM used consolidated net income in the annual budget and forecasting process to measure segment profit or loss, allocated resources and assessed performance. Significant segment expenses were the same as those presented under the cost of revenue and operating expenses in the consolidated statements of operations. Other segment items included in consolidated net loss were interest income, other income, net and income tax expenses in the accompanying consolidated statements of operations.

The Group primarily operates in the PRC and substantially all of the Group's long-lived assets are located in the PRC.

16. RESTRICTED NET ASSETS

Relevant PRC statutory laws and regulations permit payments of dividends by the Group's PRC subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company's subsidiaries.

In accordance with the Regulations on Enterprises with Foreign Investment of China and their articles of association, a foreign invested enterprise established in the PRC is required to provide certain statutory reserves, namely general reserve fund, the enterprise expansion fund and staff welfare and bonus fund which are appropriated from net profit as reported in the enterprise's PRC statutory accounts, which is included in retained earnings accounts in equity section of the consolidated balance sheets. A wholly-owned foreign invested enterprise is required to allocate at least 10% of its annual after-tax profit to the general reserve until such reserve reaches 50% of its respective registered capital based on the enterprise's PRC statutory accounts. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the Board of Directors for all foreign invested enterprises. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. If any PRC subsidiary incur debt on its own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to the Group. Any limitation on the ability of the PRC subsidiaries to distribute dividends or other payments to their respective shareholders could materially and adversely limit the ability to grow, make investments or acquisitions that could be beneficial to pay dividends.

Additionally, in accordance with the Company Law of the PRC, a domestic enterprise is required to provide statutory common reserve at least 10% of its annual after-tax profit until such reserve reaches 50% of its respective registered capital based on the enterprise's PRC statutory accounts. The Group's provision for the statutory common reserve is in compliance with the aforementioned requirement of the Company Law. A domestic enterprise is also required to provide for discretionary surplus reserve, at the discretion of the Board of Directors, from the profits determined in accordance with the enterprise's PRC statutory accounts. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends.

Because the Group's entities in the PRC can only be paid out of distributable profits reported in accordance with PRC accounting standards, the Group's entities in the PRC are restricted from transferring a portion of their net assets to the Company. The restricted amounts include the paid-in capital and statutory reserves of the Group's entities in the PRC. The aggregate amount of paid-in capital and statutory reserves, which is the amount of net assets of the Group's entities in the PRC (mainland) not available for distribution, were RMB4,448,729 and RMB4,521,107, as of December 31, 2024 and 2025, respectively.

ADDITIONAL INFORMATION FINANCIAL STATEMENT SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY
BALANCE SHEETS
(In thousands of RMB and USD, except for share and per share data, or otherwise noted)

	As of December 31,		
	2024 RMB	2025 RMB	2025 USD (Note 3)
ASSETS			
Current assets			
Cash and cash equivalents	133,380	26,380	3,772
Term deposits	61,885	97,903	14,000
Amounts due from subsidiaries	998,391	1,028,039	147,008
Prepaid expenses and other current assets	1,363	2,187	313
Total current assets	1,195,019	1,154,509	165,093
TOTAL ASSETS	1,195,019	1,154,509	165,093
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Accrued expenses and other current liabilities	3,638	3,485	498
Total current liabilities	3,638	3,485	498
Non-current liabilities			
Deficits of investments in subsidiaries, VIEs and VIEs' subsidiaries	797,742	864,396	123,608
Total non-current liabilities	797,742	864,396	123,608
TOTAL LIABILITIES	801,380	867,881	124,106
SHAREHOLDERS' EQUITY			
Class A ordinary shares (par value of USD0.0001 per share; 1,300,000,000 shares authorized as of December 31, 2024 and 2025; 327,406,202 and 342,229,838 shares issued and outstanding as of December 31, 2024 and 2025, respectively)	241	256	37
Class B ordinary shares (par value of USD0.0001 per share; 158,453,168 and 200,000,000 shares authorized as of December 31, 2024 and 2025, respectively; 116,906,336 and 200,000,000 shares issued and outstanding as of December 31, 2024 and 2025, respectively)	81	140	20
Treasury stock	(34)	(42)	(6)
Additional paid-in capital	11,070,615	11,126,837	1,591,117
Accumulated other comprehensive income	86,410	77,527	11,085
Accumulated deficit	(10,763,674)	(10,918,090)	(1,561,266)
TOTAL SHAREHOLDERS' EQUITY	393,639	286,628	40,987
TOTAL LIABILITIES AND TOTAL SHAREHOLDERS' EQUITY	1,195,019	1,154,509	165,093

ADDITIONAL INFORMATION FINANCIAL STATEMENT SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY
STATEMENT OF OPERATIONS
(In thousands of RMB and USD, except for share and per share data, or otherwise noted)

	Year ended December 31,			
	2023 RMB	2024 RMB	2025 RMB	2025 USD (Note 3)
Sales and marketing expenses	(17,243)	(10,204)	(7,332)	(1,048)
Research and development expenses	(26,954)	(14,656)	(10,271)	(1,469)
General and administrative expenses	(68,148)	(64,942)	(29,022)	(4,150)
Total operating expenses	(112,345)	(89,802)	(46,625)	(6,667)
Loss from operations	(112,345)	(89,802)	(46,625)	(6,667)
Interest income	24,270	13,171	5,820	832
Foreign currency exchange gain (loss)	—	2	(3)	—
Loss before provision for income tax	(88,075)	(76,629)	(40,808)	(5,835)
Income tax expenses	—	—	—	—
Loss from investment in subsidiaries	(223,707)	(116,298)	(113,608)	(16,246)
Net loss	(311,782)	(192,927)	(154,416)	(22,081)
Net loss available to ordinary shareholders of 17 Education & Technology Group Inc.	(311,782)	(192,927)	(154,416)	(22,081)

ADDITIONAL INFORMATION FINANCIAL STATEMENT SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands of RMB and USD, except for share and per share data, or otherwise noted)

	Year ended December 31,			
	2023 RMB	2024 RMB	2025 RMB	2025 USD (Note 3)
Net loss	(311,782)	(192,927)	(154,416)	(22,081)
Other comprehensive income (expense), net of tax of nil:				
Change in cumulative foreign currency translation adjustments	14,674	9,047	(8,883)	(1,270)
Total comprehensive loss	(297,108)	(183,880)	(163,299)	(23,351)

ADDITIONAL INFORMATION FINANCIAL STATEMENT SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY
STATEMENT OF CASH FLOWS
(In thousands of RMB and USD, except for share and per share data, or otherwise noted)

	Year ended December 31,			
	2023 RMB	2024 RMB	2025 RMB	2025 USD (Note 3)
Net cash used in operating activities	(3,757)	(16,809)	(8,478)	(1,212)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of term deposits	(110,847)	—	(36,018)	(5,151)
Proceeds from disposal of term deposits	—	48,962	—	—
Loans to Group companies	(77,017)	(141,318)	(50,186)	(7,177)
Net cash used in investing activities	(187,864)	(92,356)	(86,204)	(12,328)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from exercise of share options	36	15	76	11
Repayment of loans from Group companies	(29,781)	—	—	—
Repurchase of ordinary shares	(51,393)	(1,070)	(3,516)	(503)
Net cash used in financing activities	(81,138)	(1,055)	(3,440)	(492)
Effect of exchange rate changes	11,383	11,775	(8,878)	(1,269)
Net decrease in cash and cash equivalents	(261,376)	(98,445)	(107,000)	(15,301)
Cash and cash equivalents at beginning of the year	493,201	231,825	133,380	19,073
Cash and cash equivalents at end of the year	231,825	133,380	26,380	3,772

ADDITIONAL INFORMATION FINANCIAL STATEMENT SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY
NOTES TO FINANCIAL STATEMENTS
(In thousands of RMB and USD, except for share and per share data, or otherwise noted)

1. BASIS FOR PREPARATION

The condensed financial information of the Parent Company has been prepared using the same accounting policies as set out in the Group's consolidated financial statements except that the Parent Company used the equity method to account for investments in its subsidiaries, VIEs and VIEs' subsidiaries.

2. INVESTMENT IN SUBSIDIARIES AND VIES AND VIES' SUBSIDIARIES

The Parent Company and its subsidiaries, VIEs and VIEs' subsidiaries were included in the consolidated financial statements where inter-company balances and transactions were eliminated upon consolidation. For purpose of the Parent Company's stand-alone financial statements, its investments in subsidiaries, VIEs and VIEs' subsidiaries were reported using the equity method of accounting. The Parent Company's share of loss from its subsidiaries, VIEs and VIEs' subsidiaries were reported as share of loss of subsidiaries, VIEs and VIEs' subsidiaries in the accompanying Parent Company financial statements. Ordinarily under the equity method, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of this Schedule I, the Parent Company has continued to reflect its share, based on its proportionate interest, of the losses of subsidiaries, VIEs and VIEs' subsidiaries regardless of the carrying value of the investment even though the Parent Company is not obligated to provide continuing support or fund losses.

3. CONVENIENCE TRANSLATION

The Group's business is primarily conducted in China and all of the revenues are denominated in RMB. However, periodic reports made to shareholders will include current period amounts translated into US dollars using the exchange rate as of balance sheet date, for the convenience of the readers. Translations of balances in the balance sheet and the related statement of operations and cash flows from Renminbi ("RMB") into US dollars as of and for the year ended December 31, 2025 are solely for the convenience of the readers and were calculated at the rate of US$1.00=RMB6.9931 representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 31, 2025. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US$ at that rate on December 31, 2025, or at any other rate.