
INDUSTRY OVERVIEW

*The information that appears in this Industry Overview contains information and statistics on the industry in which we operate. The information and statistics contained in this section have been derived partly from publicly available government and official sources. Certain information and statistics set forth in this section have been extracted from a market research report by Frost & Sullivan (the “**Frost & Sullivan Report**”), an Independent Third Party which we commissioned. We believe that the sources of information contained in this Industry Overview are appropriate sources for such information and have taken reasonable care in reproducing such information. We have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information from official government sources set out in this Industry Overview has not been independently verified by us, the Joint Sponsors, [REDACTED], any of the [REDACTED], any of our or their respective directors, officers, employees, advisors, agents or representatives or any other party involved in the [REDACTED] and no representation is given as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.*

SOURCE OF INFORMATION

We commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of the artificial intelligence industry in China.

Frost & Sullivan is an independent global consulting firm, founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. It has over 40 offices worldwide with over 2,000 industry consultants, market research analysts and economists. We are contracted to pay a fee of RMB800,000 to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed “Summary”, “Risk Factors”, “Business”, “Financial Information” and elsewhere in this document to provide our potential investors with a more comprehensive presentation of the industries in which we operate.

During the preparation of the market research report, Frost & Sullivan performed both (i) primary research, which involved in-depth interviews with leading industry participants and industry experts; and (ii) secondary research, which involved review of company reports, independent research reports and data based on Frost & Sullivan’s own research database. Projected data was obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Unless otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications. The Frost & Sullivan Report was compiled based on the following assumptions: (i) China’s economy is likely to maintain a steady growth in the next decade; (ii) China’s social, economic and political environment is likely to remain stable in the forecast period from 2021 to 2025, which ensures the stable and healthy development of the China’s artificial intelligence industry; and (iii) COVID-19 will affect the stability of economy in the short term.

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Based on and subject to the aforesaid, our Directors believe that the disclosure of future projections and industry data in this section is not biased or misleading. We believe that the sources of the information in this section are appropriate sources and we have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading. After taking reasonable care and based on Frost & Sullivan’s views, our Directors confirm that there has been no adverse change in the market information since the date of the Frost & Sullivan Report up to the Latest Practicable Date, which may qualify, contradict or have an adverse impact on the information contained in this section.

OVERVIEW OF THE AI MARKET IN CHINA

Analysis of the Development History of AI

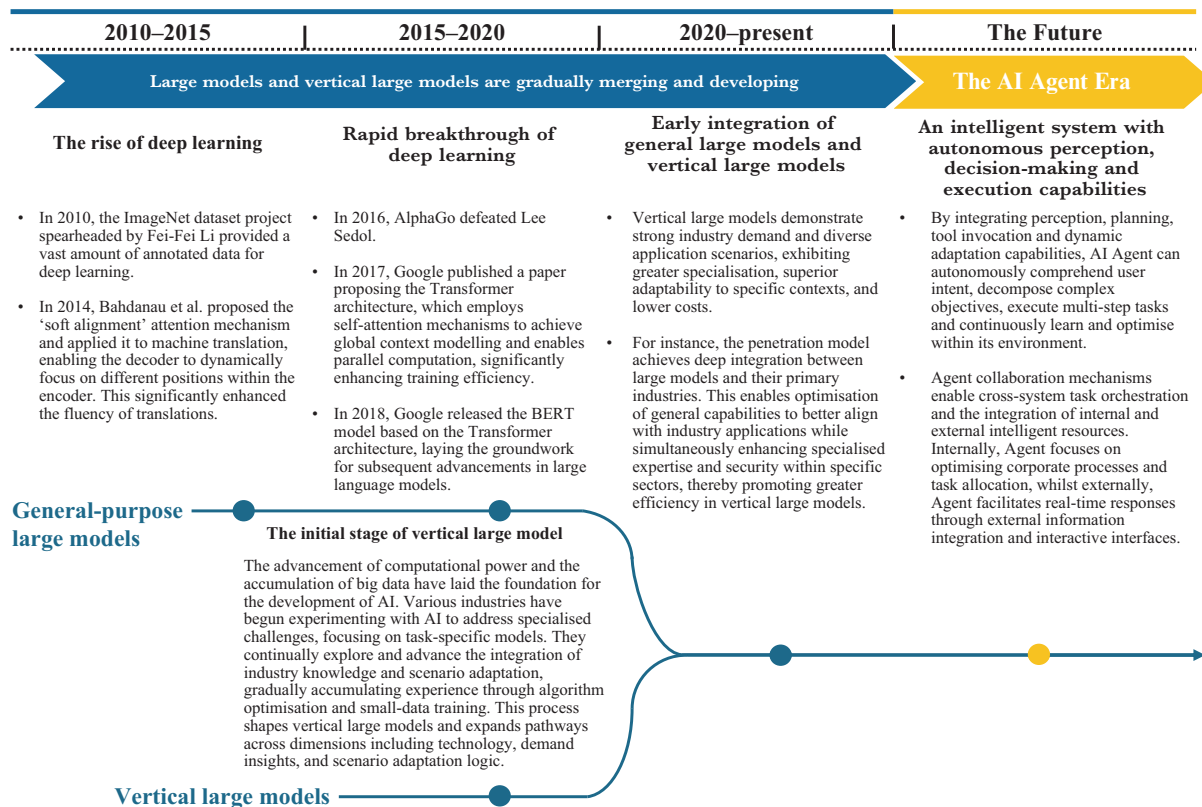
To date, the development process of the global AI industry can be divided into basic exploration period and deep learning period. In the past stage of development, discriminative AI constituted the main form of technology implementation. It falls within the basic exploration period and deep learning period. This type of AI system demonstrates excellent accuracy and stability in classification, recognition, and prediction tasks, and is widely used in key scenarios such as image recognition, speech processing, and financial risk control. AI has achieved deep penetration and large-scale application in the financial field. Outside the financial field, AI is accelerating its penetration into diversified scenarios such as retail consumption, intelligent manufacturing, education and training, smart cities, medical and health, and transportation and logistics. Looking ahead, generative AI is continuously breaking through cognitive boundaries in natural language, image generation, code writing, scientific discovery, and other fields with its powerful content creation capabilities, reshaping the application space of human-computer collaboration.

In such context, AI Agents, as the carrier of next-generation human-computer interaction, are transitioning from passive response to active collaboration. By integrating perception, planning, tool calling, and dynamic adjustment capabilities, AI Agent can autonomously understand user intentions, disassemble complex goals, perform multi-step tasks, and continuously learn and optimize in the environment. It has become an important path to promote the evolution of AI to artificial general intelligence (AGI).

In the future, AGI will break through the boundaries of narrow AI and become the ultimate solution for various industries with cross-domain learning and deep reasoning capabilities. AGI can break away from the preset algorithm framework, learn new knowledge and skills independently, and integrate multi-dimensional information across scenarios for complex logical reasoning. AGI will reconstruct productivity and collaboration models, promote a qualitative leap in efficiency in various fields.

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The Development History of AI



Source: Frost & Sullivan

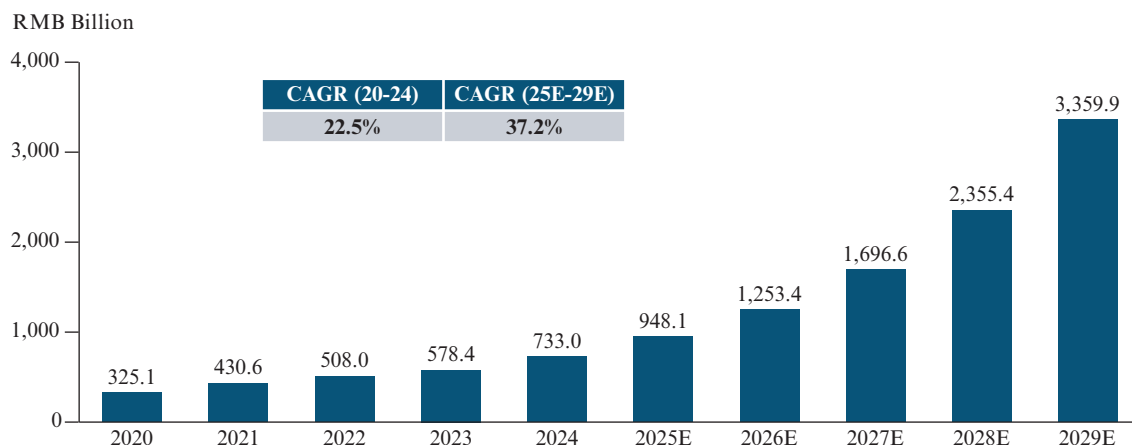
AI Market Size, Global & China, 2020–2029E

AI technology is driving systemic change and innovation in the global economic and social fields, driven by technological advancements, surge in investment, and the expansion of downstream applications. The global AI market size has grown exponentially, from RMB1,914.1 billion in 2020 to RMB4,551.8 billion by 2024, with a compound annual growth rate of 24.2% during the period. Looking ahead, it is predicted that the global AI market size will climb to RMB20,235.6 billion in 2029, of which enterprise-grade AI solutions and AI Agents will be important drivers of the AI market in the future.

In the dynamic evolution of the global AI industry, the AI market in China has become the core engine of global growth. The market size in China has grown from RMB325.1 billion in 2020 to RMB733.0 billion in 2024, with a compound annual growth rate of 22.5% during the period. Although the growth rate of the Chinese market is slightly lower than the global average in the early stage of development, the Chinese market will usher in explosive growth in the forecast cycle, and the market size is expected to climb to RMB3,359.9 billion by 2029, with a compound annual growth rate of 37.2% from 2025 to 2029. This strong growth trend not only highlights the key supporting role of AI technology in reshaping the global future economic pattern, but also highlights China’s strategic position as a leading player in the field of global AI innovation breakthroughs and large-scale applications.

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AI MARKET SIZE, CHINA, 2020–2029E



Source: Frost & Sullivan

ANALYSIS OF CHINA’S ENTERPRISE GRADE AI SOLUTIONS AND AI AGENT MARKET

Definition and classification of enterprise grade AI solutions

Enterprise grade AI solutions are specialized service offerings designed for corporate clients. Delivered primarily through a project-based model, they emphasize the realization of tangible business outcomes. By integrating AI algorithms, big data technologies, and other technical components, these solutions deeply combine the business logic and domain know-how of the client’s industry. They provide customized approaches to address specific business pain points, ultimately helping enterprises optimize processes, reduce resource waste, and achieve the core goals of cost reduction and efficiency improvement — rather than merely delivering technical tools. As a segmented category of enterprise grade AI solutions, the enterprise grade AI solution based on vertical large model capabilities deeply integrates the technical advantages of such models, including domain adaptability and task specialization. Based on the accumulated data assets and knowledge deposits in specific vertical fields, it builds an exclusive resource base covering industry terminology systems and business logic rules.

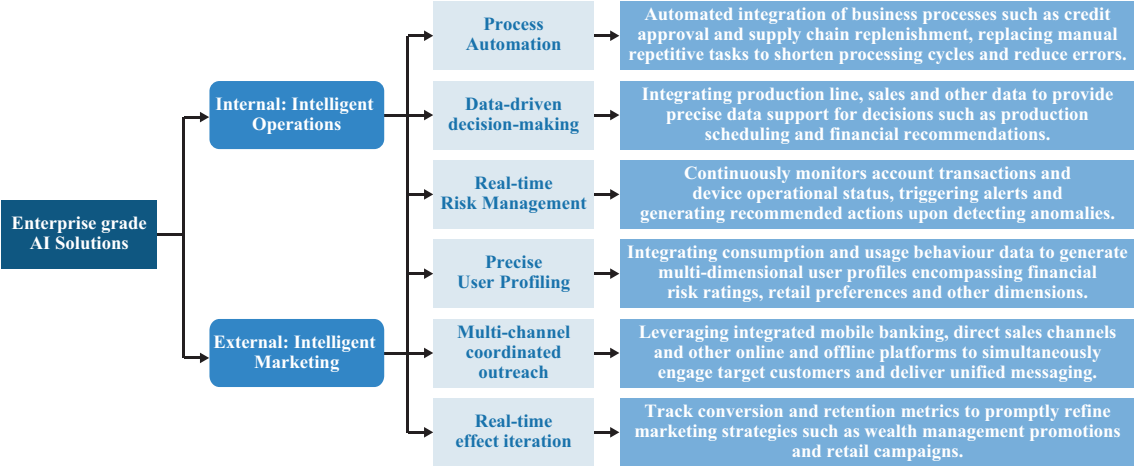
The vertical large model capabilities are mainly reflected in three aspects: first, assisting clients in building exclusive vertical large models; second, directly providing services to clients by relying on self-developed vertical large models; third, combining clients’ proprietary models or external general large models with the company’s accumulated industry knowledge base to jointly achieve the optimization and upgrading of output results.

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Enterprise grade AI solutions can be divided into two categories based on application scenarios: internal-facing and external-facing. Internal applications focus on intelligent operations, offering core capabilities such as process automation, data-driven decision-making, and real-time risk control. These solutions help enterprises optimize internal business processes more efficiently, precisely, and intelligently. External applications emphasize intelligent marketing, providing capabilities such as accurate user profiling, multi-channel coordinated outreach, and real-time iteration of marketing performance. These solutions help enterprises reach target customers more accurately, efficiently, and in a more personalized manner.

From the perspective of industry development prospects, both intelligent operation products that enhance internal efficiency and intelligent marketing products that expand external markets exhibit strong cross-industry adaptability. They can be widely applied to enterprise customers across sectors such as manufacturing, finance, retail, healthcare, logistics, and more. As AI technologies become more deeply integrated with industry-specific business scenarios and enterprises’ needs for digital transformation continue to intensify, enterprise grade AI solutions will further penetrate a broader range of specialized use cases. They will become a key force enabling enterprises to break through growth bottlenecks and achieve high-quality development.

Enterprise Grade AI Solution Classification



Source: Frost & Sullivan

Analysis of the core differences between enterprise grade AI solutions and traditional software system business models

With the gradual layering of enterprise digital transformation needs from basic tool support to in-depth decision-making assistance, two business models have emerged: the enterprise grade AI solutions and traditional software system:

- **Enterprise grade AI solutions:** Rely on algorithmic models to deeply mine the value of data and provide predictive suggestions and decision support.

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- **Traditional software system:** Cloud-based software systems designed for data management, yet their technical capabilities are relatively weak.

There are obvious differences between these models in terms of value positioning, service form, and decision support capabilities. Among them, enterprise grade AI solutions, compared with traditional software systems, can empower business breakthroughs with intelligence in terms of value positioning to break through efficiency bottlenecks in high-complexity scenarios; in terms of service form, they support deeply customized deployment to adapt to enterprises’ existing business systems; and in terms of decision support capability, they improve prediction accuracy and decision effectiveness by optimizing models.

Comparative analysis chart of enterprise grade AI solutions and traditional software system

	Core Value Positioning	Technical Capabilities	Deployment Delivery Model	Business Model	Data Security
Enterprise grade AI solution	✓ Positioned at <i>intelligent empowerment for business breakthroughs</i> ; solve prediction/judgment/automation in high-complexity scenarios; break efficiency limits, create new business value	✓ <i>Model training + reasoning optimization</i> ; ensure prediction accuracy & decision effectiveness in specific scenarios	✓ <i>Deeply customized deployment</i> , fully adapted to enterprises’ existing IT architectures and business processes	✓ Project-based	✓ Highest level
Traditional software system	✓ Positioned at <i>standardized processes and data management</i> ; solve irregular workflows/scattered data; unblock information flow, build digital operation foundations	✓ <i>Cloud computing-based</i> , executes fixed operations per preset rules; performance relies on business rule completeness and manual configuration quality	✓ <i>Cloud-based deployment</i> , centered on standardized products , adapting to different enterprises through parameterized configuration	✓ Subscription-based or modular licensing	✓ Passive and lagging

Source: Frost & Sullivan

Analysis of the industrial chain of the enterprise grade AI solution market

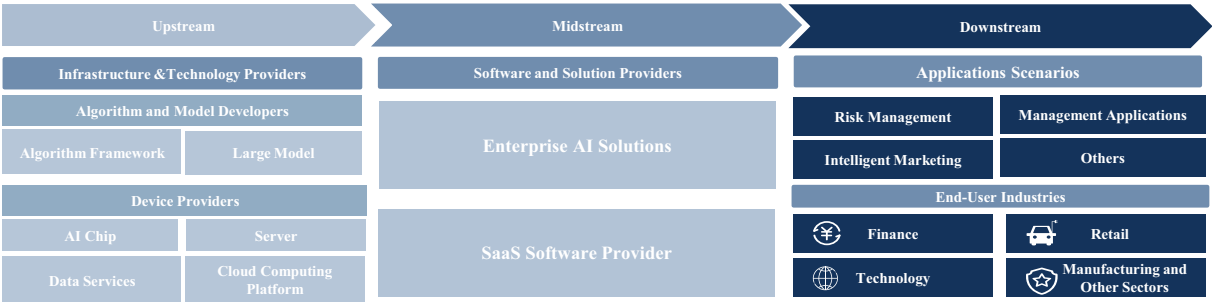
The market for enterprise grade AI solutions has formed a comprehensive ecosystem, in which all participants across the industry chain collaborate closely to jointly drive technological innovation, iterative upgrades, and commercialization. Within this ecosystem, the upstream segment — responsible for infrastructure and technology supply — primarily consists of two major categories: hardware and software. Hardware providers, represented by chip manufacturers, supply AI-specific acceleration chips that meet the high-performance computing requirements of large-model training and inference. Software providers, such as cloud computing platforms, build distributed training environments that lower the barrier to accessing computing resources.

Enterprise grade AI solution providers are at the core of the midstream of the industrial chain, providing diversified AI solutions for customers in various downstream industries with technical capabilities such as system integration, software development, model training and optimization.

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The downstream application market is currently centered on the financial field, and will gradually expand in the direction of diversification in the future, forming a development pattern covering multiple fields. On the industry application side, enterprise grade AI solutions have derived diversified functions such as risk control, management, and marketing, and have penetrated into many fields such as finance, retail, and manufacturing, undertaking various functions such as customer service, production optimization, and intelligent decision-making.

Enterprise Grade AI Solution Industry Chain



Source: Frost & Sullivan

The core growth logic of the enterprise grade AI solution industry

Demand side: The penetration of large industry models and the improvement of customer acceptance jointly drive demand growth through dual engines

- **Industry models will penetrate thousands of industries in the future.** At present, more and more enterprises are choosing to use AI solutions to solve pain points such as low business process efficiency and insufficient data value mining. In particular, industry large models with the ability to understand complex business scenarios have significant advantages, they are more in line with real business, more accurately capture industry rules, and more support customized decision-making, which meets the needs of enterprise customers in the era of intelligence to reduce costs, increase efficiency, and innovate and upgrade, and will promote the industry to achieve explosive growth in the future.
- **Downstream customer acceptance has improved.** In the early stage of digital transformation, enterprises are limited by insufficient scenario adaptability and difficulty in quantifying ROI, plus their acceptance of enterprise grade AI solutions is low, so they have a lower willingness to pay. As the general capabilities of large models become deeply integrated with industry-specific knowledge, they can provide more precise end-to-end solutions that effectively address enterprises’ core business pain points, significantly increasing their willingness to pay and further unlocking market demand.

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- **Diversified demand exploded.** With the deep penetration of AI technology and the comprehensive advancement of enterprises’ AI-driven transformation, single-purpose solutions such as intelligent marketing or intelligent risk control can no longer meet enterprises’ needs for intelligent upgrades across the entire business chain. Customer demand has expanded into multiple scenarios, including intelligent customer service, intelligent supply-chain scheduling, intelligent workforce optimization, and intelligent financial accounting. Enterprises not only hope to use AI to reduce costs and improve efficiency across different business operations, but also seek the synergistic value created by end-to-end data integration.
- **Customer delivery standards have risen.** With the increasing complexity of business scenarios and the explosive growth of data volume in the AI era, traditional data management tools can no longer meet the core needs of enterprises in refined operations and real-time decision-making. Therefore, the requirements of enterprises for digital solutions have changed from traditional single data recording tools to solutions that produce business results, which not only stimulates the innovation and iteration of enterprise grade AI solutions in terms of technical depth, scenario breadth, and implementation speed, but also releases large-scale monetization space for the potential value of enterprise data assets.

Supply side: Enriching the product matrix and mature product capabilities to ensure supply growth

- **Product matrix richness has been improved.** Currently, AI solutions have developed into a series of mature digital product matrices, covering various types such as intelligent recommendation, intelligent marketing, real-time risk control, and intelligent document analysis. Leveraging core AI technologies such as deep learning, natural language processing, and computer vision, these products precisely address key pain points for downstream customers, such as the lack of real-time intelligent decision support, elevated costs due to redundant human processes, and insufficient delivery of personalized experiences.
- **The number of large model calls is increasing day by day.** With the increase in the number of large model calls, the accumulation of training data is becoming more and more abundant, and the iterative upgrading of machine learning technology has formed a data flywheel effect, so that the analysis and reasoning and solution generation capabilities of large models continue to enhance to support key links such as product innovation, business optimization, and process automation, and provide strong technical impetus for the expansion of industry scale.

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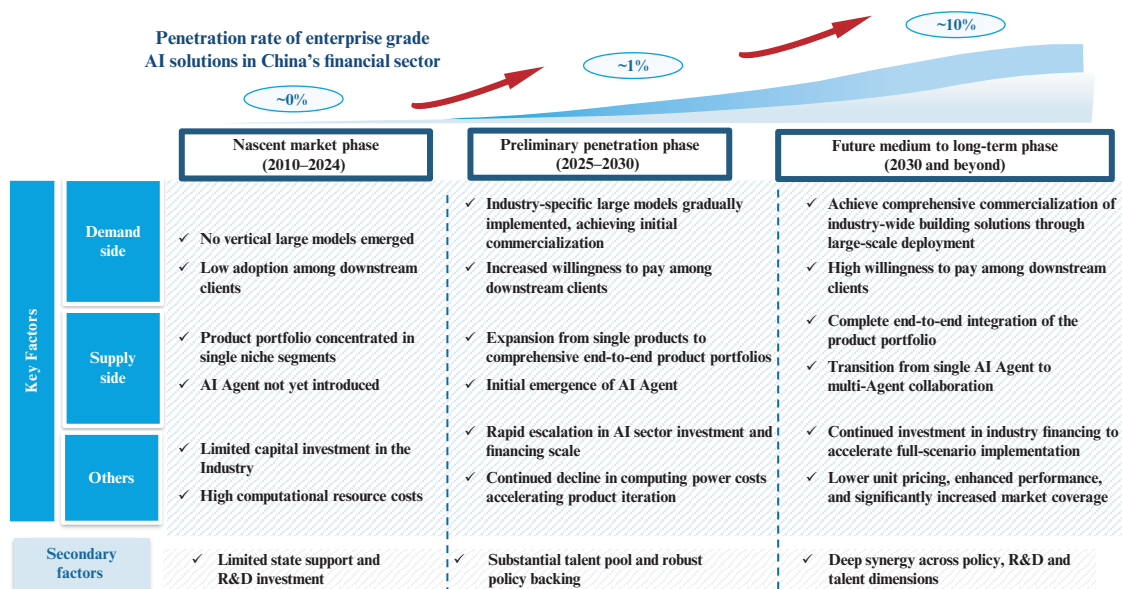
- **AI Agent services are becoming more and more mature.** AI Agents are AI entities with autonomous perception, decision-making, and execution capabilities, which can autonomously disassemble tasks, invoke tools, and complete complex tasks driven by goals. Currently, AI Agent has formed a mature service system covering scenarios such as intelligent customer service and automated process management, which can effectively solve the pain points of enterprise task processing efficiency, difficulty in cross-system collaboration, and slow response to personalized needs. Adoption cases in finance, manufacturing, retail, and other sectors continue to grow, and the market space is expanding rapidly.

Others: Capital and computing power act as dual engines, jointly creating a synergistic force for growth

- **Capital continues to pour in, driving technological R&D and commercialization.** Globally, venture capital, strategic investment, and public-market investment in the AI sector continue to expand, with funding directed not only toward foundational large-model development but increasingly toward application layers and solution providers across industries. Ample funding enables enterprise grade AI companies to pursue continuous technology iteration, product refinement, and talent development, accelerating the training and optimization of vertical large models.
- **The improvement of computing power is the key cornerstone of large-scale application of enterprise grade AI.** As chip technology continues to advance, the unit cost of computation keeps declining, significantly lowering the barriers to training and deploying industry large models. The reduction in costs not only directly stimulates downstream demand, but also encourages solution providers to iterate their products more actively and broaden application scenarios. These dynamics together create a positive cycle of “technology cost reduction, application popularization, demand expansion, continuous investment, and cost reduction”, providing sustained and predictable momentum for industry expansion and driving steady growth in overall industry scale.

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Schematic diagram of the core growth logic of enterprise grade AI solutions



Source: Frost & Sullivan

Enterprise Grade AI Solutions Market Size, China, 2020–2029E

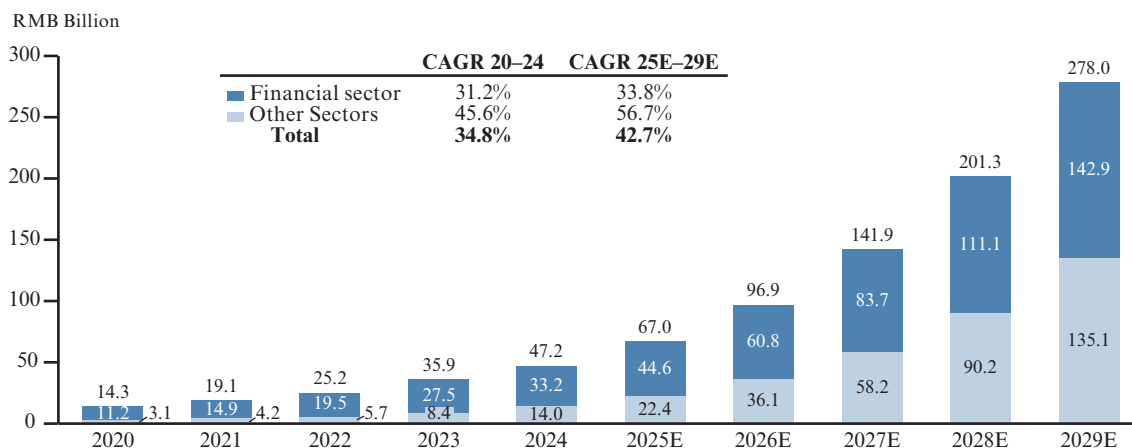
China’s enterprise grade AI solution market is in a period of rapid development, with the market size growing from RMB14.3 billion in 2020 to RMB47.2 billion in 2024, with a compound annual growth rate of 34.8%, and the market size is expected to expand to RMB278.0 billion by 2029, with a compound annual growth rate of 42.7% from 2025 to 2029. This growth is due to the technological iteration of AI machine learning and the need for digital transformation of enterprises, and the growth rate will decline slightly in the future, entering a period of steady growth. As technology advances, China’s enterprise-grade AI solutions can serve a target market (SAM) amounting to nearly RMB10 trillion, in terms of the segmented markets that specific products or services can actually cover or serve.

In terms of segmentation, China’s enterprise grade AI solution market in the financial sector continues to grow, with a CAGR of 31.2% from 2020 to 2024, and is expected to increase to 33.8% from 2025 to 2029, with a slowdown in the future, and the market size is expected to reach RMB142.9 billion by 2029.

Driven by the trend of in-depth iteration of artificial intelligence technology and accelerated penetration of enterprise digital transformation, the market size of enterprise grade AI solutions equipped with vertical large model capabilities in China has reached RMB5.0 billion in 2024, and is expected to maintain a high-growth momentum in the future, with continuous improvement in market penetration and commercialization implementation efficiency.

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Enterprise Grade AI Solutions Market Size, China, by Revenue, 2020–2029E



Source: Frost & Sullivan

Analysis of success factors of enterprise grade AI solutions

Massive industry know-how. In fields with high data complexity and strong professional requirements — such as insurance and securities within the financial sector — service providers must have an in-depth understanding of business rules, risk-control logic, and product-design logic in order to address the challenges posed by business complexity and data diversity. Leading service providers that have deeply cultivated vertical industries — through long-term service to industry clients, deep involvement in business-process iteration, mastery of industry know-how, and accumulation of extensive case experience — are well positioned to meet customers’ personalized and scenario-specific needs.

Regulatory compliance qualifications. Since the industry involves core interests such as fund security and user privacy, and financial (such as insurance, securities), medical (such as Internet healthcare) and other fields usually have strict regulatory standards, customers serving such fields will face cumbersome compliance reviews and regulatory policy restrictions on business development. Leading service providers are able to ensure compliance with regulatory requirements across different regions and business scenarios, offering solutions that satisfy multi-jurisdictional regulations and embed compliance checkpoints throughout the entire process. Consequently, providers with strong compliance qualifications and industry-specific capabilities are positioned to capitalize on tightening regulation and rising compliance requirements, strengthening their competitive moat and becoming key leaders in compliance-oriented services.

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The first-mover advantage is significant. In industries characterized by high specialization and complex data, solution providers often struggle with challenges such as limited data accumulation, shallow industry understanding, and slow technology adaptation. Companies that have spent many years deeply cultivating the financial sector and accumulating large volumes of high-value industry data can accurately identify and match the sector’s core needs. This first-mover advantage not only reinforces their professionalism and competitiveness, but — under the continued deepening of AI-driven transformation — will further solidify their leading position and make them key drivers of technological innovation and service upgrading across the industry.

The current status and future growth drivers of the enterprise AI solutions market

At present, AI solutions powered by discriminative AI and large models are rapidly being adopted across a wide range of industries. As enterprise digitalization increasingly shifts toward AI, downstream demand has evolved from traditional efficiency improvements to innovative areas such as active service, global planning, complex task collaboration, and dynamic risk prediction, giving rise to numerous high-complexity AI-driven demands. Under this trend, AI Agent capable of independently understanding task objectives, breaking down execution steps, scheduling multi-source tools, optimizing results iteratively, and completing the full task cycle with efficient delivery have become key solutions for addressing these complex needs. Their technological characteristics and application value align closely with the market’s evolving demands, positioning them as a potential core growth driver in the AI market.

Enterprises that proactively develop AI Agent-related products will gain a significant competitive edge. From a technological R&D perspective, they will be able to lead the way in overcoming core technical challenges such as multimodal understanding, autonomous decision-making algorithms, and toolchain integration, thereby establishing strong technical barriers. In terms of scenario adaptation, these companies will be able to deeply engage with multiple industries such as manufacturing, finance, healthcare, and retail, accumulating extensive industry-specific training data and deployment experience. These first-mover advantages will enable companies to rapidly capture market share during the explosive growth of AI Agent demand, increase customer loyalty, and solidify their leadership position in the industry.

Definition and classification of enterprise grade AI Agent

Enterprise AI Agent is an intelligent AI solution built on a large model as a technical base to serve enterprise applications, and its main features are as follows:

- **Customer category:** Targeting enterprise customers, excluding consumer and government applications.
- **Technical path:** Using large models as the foundational technology, enhanced with industry-specific knowledge and tailored for specific domains, enabling a professional-level understanding. Additionally, AI capabilities must be leveraged during product operation and execution.

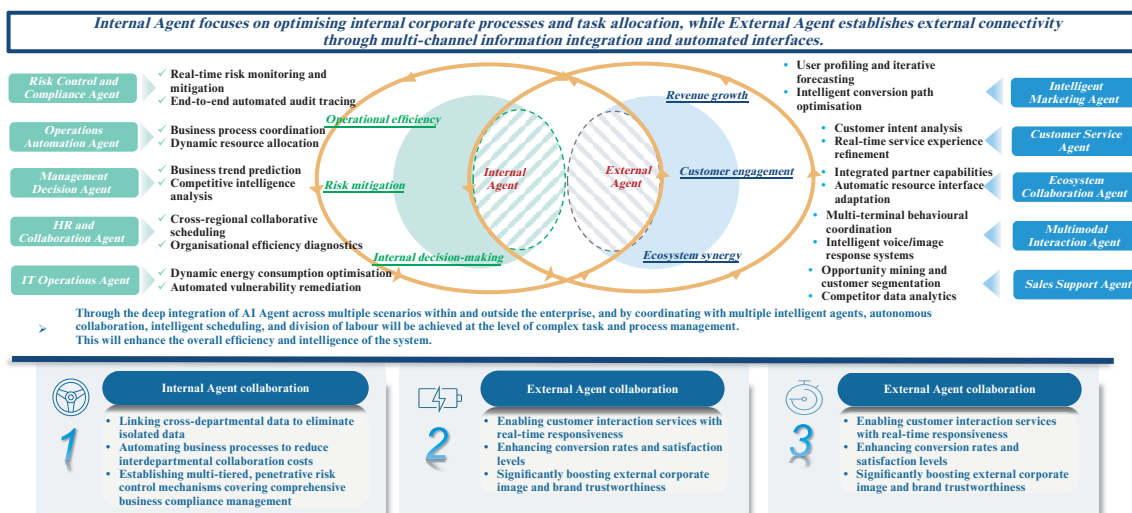
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- **Data capabilities:** The ability to independently access and analyze enterprise data. As a result, enterprise-grade AI agents can integrate with existing IT systems to perform specific business operations, such as data queries and analysis, report generation, and process approvals.
- **Functional attributes:** It has the ability to act autonomously and act as a task agent, not only to understand instructions, but also to independently plan task steps, call tool resources, monitor the execution process, and finally complete the end-to-end task closed loop.

Enterprise-grade AI Agent improves enterprise operational efficiency through collaborative mechanisms

The AI Agent system is equipped with diversified functional modules such as risk control & compliance and intelligent marketing, and relies on the multi-agent collaboration mechanism to achieve cross-system task orchestration and internal and external intelligent resource integration. In particular, internal Agent focuses on optimizing internal processes and task division, while the external Agent responds in real time through external information integration and interactive interfaces. Internal and external Agents collaborate to complete the full-link closed-loop management of complex business scenarios, which will effectively improve the operational efficiency and intelligent collaboration level of enterprises.

Multi-AI agents collaborate to build a full-link closed-loop for complex business scenarios



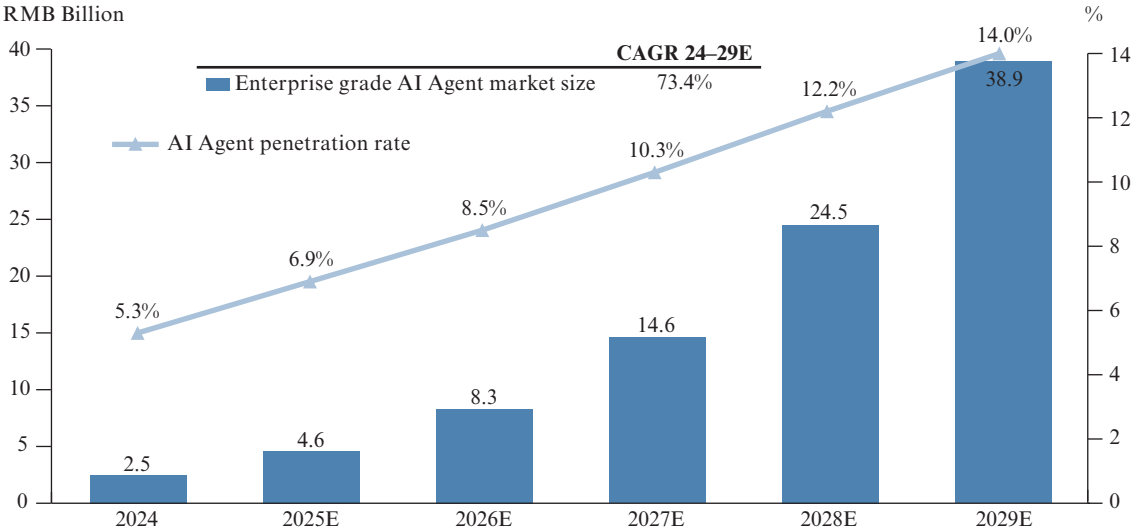
Source: Frost & Sullivan

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Enterprise-grade AI Agent Market Size, China, 2020–2029E

China’s enterprise-grade AI Agent market has been growing rapidly. In 2024, the market size of China’s enterprise-grade AI Agents reached RMB2.48 billion, and it is expected to experience explosive growth, reaching RMB38.91 billion by 2029, with a compound annual growth rate (CAGR) of 73.4% from 2024 to 2029. The penetration rate of enterprise-grade AI Agents in the enterprise-grade AI solution market reached 5.3% in 2024 and is projected to grow to 14.0% by 2029. This growth is primarily driven by the significant enhancement of AI Agent capabilities in autonomous decision-making, tool invocation, and scenario adaptation, which are enabled by advancements in AI large model technologies. This has led to the continuous expansion of AI Agent application scenarios across various industries.

Enterprise-Grade AI Agent Market Size and AI Agent Penetration Rate, China, by Revenue, 2024–2029E



Source: Frost & Sullivan

Note: “AI Agent Penetration” refers to the penetration rate of enterprise grade AI Agents in enterprise grade AI solutions

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Prospects for the implementation rhythm of AGI in diversified downstream application scenarios

AGI (Artificial General Intelligence) is an intelligent system with human-level cognitive capabilities, characterized by multimodal perception, cross-domain reasoning, autonomous decision-making and action, generalized learning, and ethical cognition. It is capable of breaking free from specific preset scenarios and can autonomously adapt to and solve complex problems across a wide range of fields. From a long-term perspective, AGI will overcome the current limitations of AI and its cognitive bottlenecks, becoming the core engine driving global industrial transformation. The large-scale application of AGI is expected to revolutionize production and lifestyle, propelling human society into a new stage of intelligent development.

- **Short and medium term: AGI will be the first to be implemented in the financial sector**

AGI is expected to achieve its earliest implementation at scale in the financial sector among diversified downstream scenarios, a progression driven by the financial industry’s inherent suitability and urgent demand. The financial industry has accumulated massive volumes of high-quality, traceable data over time, providing a solid foundation for training and optimizing AGI models and enabling the technology to fully leverage its strengths in data processing and analysis. Moreover, financial operations contain numerous highly repetitive and time-consuming procedural tasks, where AGI can rapidly deliver cost reduction and efficiency gains.

- **Long-term: AGI will rapidly expand to other areas**

The successful implementation of AGI in the financial sector will demonstrate its technical stability, commercial value, and compliance readiness, while generating replicable use cases and mature implementation pathways. Since the essential needs for intelligence — such as efficiency improvement, decision-making optimization, and risk management — are broadly shared across industries, the technical framework validated in the financial domain can be rapidly transferred to other sectors through scenario adaptation.

The continued penetration of AGI across multiple sectors will ultimately give rise to a fully integrated intelligent ecosystem, reshaping the development models of entire industries. Whether in consumer markets that prioritize personalized services, industrial sectors that pursue high-efficiency collaboration, or fields such as healthcare that demand precise decision-making, AGI can leverage its general-intelligence capabilities to deeply embed itself into core business processes. Ultimately, AGI will become the universal, cross-industry solution, creating new value across domains and enabling a leap in overall societal productivity.

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COMPETITION ANALYSIS OF THE COMPANY’S INDUSTRY

Overview of the competitive landscape of China’s enterprise-grade AI solution market

China’s enterprise-grade AI solution market presents a competitive landscape with concentration of heads and fragmented segments. The overall market concentration is gradually increasing, and manufacturers with full-stack technical capabilities and comprehensive service advantages occupy the leading position, dominating the competition in mainstream scenarios. In many vertical segments, due to differences in industry know-how and scenario adaptation needs, a large number of participants focusing on specific tracks have formed a decentralized competitive situation, and different echelon manufacturers have deeply cultivated their respective areas of advantage around technology, resources and scenarios.

Ranking of enterprise-grade AI service providers in China equipped with vertical large model capabilities

Among China’s enterprise-grade AI service providers equipped with vertical large model capabilities in 2024, the Company ranked fourth in the market with revenue of RMB0.31 billion.

China’s enterprise-grade AI service providers equipped with vertical large model capabilities, by revenue, 2024

Ranking	Company	Revenue (RMB100 million)
1	Company A	9.7
2	Company B	8.4
3	Company C	5.5
4	The Company	3.1
5	Company D	3.0

Notes:

- 1) Company A was established in Beijing, China in 2020 and is an unlisted company. The company is an enterprise-grade cloud and AI service platform that provides basic cloud services such as computing, storage, and networking, as well as digital and intelligent transformation solutions for industries such as the Internet, finance, automotive, and industry.
- 2) Company B was established in 2008 in Hangzhou, China, and is an unlisted company. The company is a technology company focusing on the field of cloud computing and artificial intelligence, providing a full range of cloud services such as network security, databases, big data processing, and generative AI basic model applications to customers around the world.

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- 3) Company C was established in 2001 in Beijing, China and is a listed company. As a high-tech enterprise with AI at its core, it delivers diversified information services and technological solutions catering to both individual and corporate clients. The company provides internet-based information retrieval and interactive services for individual users, whilst offering cloud computing, AI-related technical support, and digital transformation services to corporate clients.
- 4) Company D was established in 2010 in Beijing, China and is an unlisted company. The company is a cloud computing and intelligent service provider, providing basic cloud services such as computing, storage, networking, database, and security, as well as providing digital and intelligent transformation solutions for games, finance, administration, manufacturing and other industries.

Analysis of entry barriers to China’s enterprise-grade AI solution market

- **Technical barriers:** In the current competitive landscape, standalone algorithmic capabilities are no longer sufficient to constitute a core competitive advantage. Instead, the decisive factor in the AI solution market is the integrated ability to deeply combine industry-specific knowledge, mature business processes, and cutting-edge AI technologies. The financial sector requires a specialised knowledge system encompassing risk control model optimisation and compliance algorithm development, whilst the manufacturing industry necessitates core competencies in production process parameter analysis and specialised equipment data analysis. The development of such industry-specific technologies requires long-term data accumulation, coupled with repeated validation across diverse scenarios. This process creates technical barriers that are extremely difficult for competitors to overcome.
- **Ecological barriers:** Within the financial sector, particularly the insurance industry, ecosystem barriers manifest in the necessity to establish business networks encompassing numerous institutions. AI service providers must achieve seamless integration with core business systems, reinsurance systems, and multi-channel sales platforms. The ecological construction of the consumer field also has high threshold characteristics. Retail AI solutions require integration with diverse systems including e-commerce platforms, payment institutions, logistics providers, and membership schemes, while also adapting to the unique operational models and data standards of different retail formats. Established ecosystem participants have typically developed stable technical standards and collaborative practices. For new entrants to the industry, building an ecosystem partnership network and supply chain system of comparable scale and quality within a short timeframe proves challenging.
- **Brand barriers:** Given that AI projects typically involve core business operations, clients tend to favour service providers with proven track records and industry reputation. In highly sensitive sectors such as finance and technology, a provider’s historical performance and brand credibility often become pivotal factors in procurement decisions. Such trust, grounded in service quality, requires long-term cultivation and cannot be readily achieved through short-term market investments. This consequently establishes industry barriers that new entrants find difficult to overcome.

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- **Policy and regulatory barriers:** With the continuous improvement of the regulatory system, the compliance constraints of China’s enterprise-grade AI market continue to strengthen. Specifically, AI applications in the financial sector must comply with relevant regulatory requirements from institutions such as the China Banking and Insurance Regulatory Commission (CBIRC). Additionally, the Guidelines on AI Application Risks for Banking Financial Institutions defines explicit prohibitions, covering areas such as algorithm explainability, data ethics review, and dynamic audit requirements. Such multi-level and multi-field compliance standards constitute an important entry threshold for the market.