Certain information and statistics set out in this section and elsewhere in this document are derived from various official government and other publicly available sources, and from the market research report prepared by Frost & Sullivan, an independent industry consultant which was commissioned by us (the "F&S Report"). No independent verification has been carried out on the information from official government sources by us, the Sole Sponsor, the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *the* [REDACTED] *or any other parties (other than Frost & Sullivan) involved in the* [REDACTED] *or their respective directors, officers, employees, advisors, agents or representatives, and no representation is given as to the accuracy. Unless and except as otherwise specified, the market and industry information and data presented in this section is derived from the F&S Report. The information and statistics contained in this section may not be consistent with other information and statistics compiled within or outside of China. As a result, you are advised not to place undue reliance on such information.

OVERVIEW OF AI SOFTWARE MARKET IN CHINA

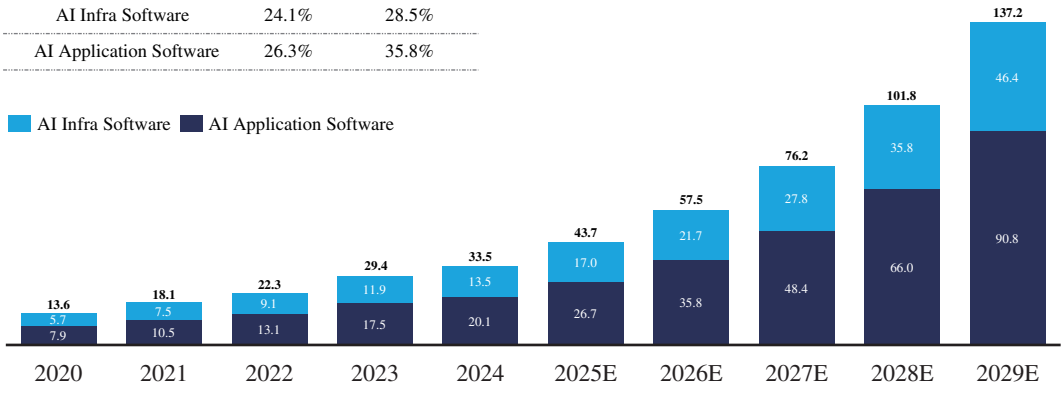
Development of AI Software Market in China

AI software refers to software products designed for enterprises, leveraging artificial intelligence technologies to empower business process optimization, decision-making support, product innovation, and operational efficiency improvements through private deployment. This category includes AI infrastructure software that supports data processing, model training and deployment, and AI application software tailored to various business scenarios. AI software is widely applied in industries such as finance, manufacturing, retail, government and many others, serving as a key technology enabler for enterprises' digital and intelligent transformation.

The market size of AI software market, in terms of revenue, has grown from RMB13.6 billion in 2020 to RMB33.5 billion in 2024, representing a CAGR of 25.3% from 2020 to 2024. Looking forward, the market size of AI software market in China, in terms of revenue, is expected to reach RMB137.2 billion in 2029 with a CAGR of 33.1% from 2025 to 2029.

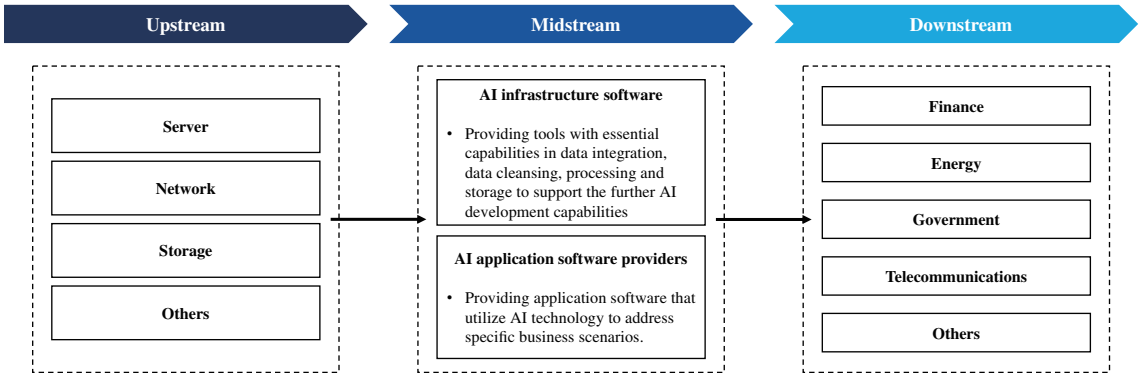
AI Software Market in China
RMB Billion, 2020-2029E

CAGR	2020-2024	2025E-2029E
Total	**25.3%**	**33.1%**
AI Infra Software	24.1%	28.5%
AI Application Software	26.3%	35.8%



Source: Desk research National Bureau of Statistics, Frost & Sullivan

AI software value chain consists of three key segments. The upstream segment primarily consists of IT providers supplying hardware such as servers, networks, and storage. The midstream segment mainly includes AI infrastructure software providers, where we belong, that provide tools with essential capabilities in data integration, data cleansing, processing and storage to support the further AI development capabilities, and AI application software providers that provide application software that utilize AI technology to address specific business scenarios. The downstream segment comprises enterprises that adopt AI software, which can be further categorized into industries such as finance, energy, government, telecommunications, and others.



Drivers of AI Software Market in China

- ***Industry Demand.*** Enterprises in China are moving beyond initial pilot projects and embedding AI software into core business processes, making AI become a foundational component of their digital transformation across different application scenarios. For example, AI software can be used in marketing and sales, providing personalized recommendations and improving customer service through chatbots, helping enterprises better understand consumer behavior and improve overall customer experience.

- ***Continuously Improving Computing Infrastructure.*** China's total computing power has grown from 135 EFlops in 2020 to 280 EFlops in 2024, with a CAGR of 20%. The continuous improvement of computing infrastructure provides a stable and abundant environment for AI software, significantly expanding the business scenarios in which AI software can be deployed, thus becoming a major driver of the AI software market in China.

- ***Growth of Data Amount and Data Capability.*** The strategic utilization of vast amounts of data has become a key driver for China's AI software market, particularly in data-intensive AI training and reasoning. Supported by government-led initiatives, the massive volume of data stem from China's large population and rapidly growing digital economy, fosters a dynamic environment for AI innovation. Data in China has surged from 32 ZB in 2020 to 41 ZB in 2024, growing at a CAGR of 6.4%. This data volume, coupled with advanced processing techniques, unlocks its value for AI software development. For instance, the ability to integrate and process multimodal data, such as text, images, video, and audio, is foundational for creating sophisticated AI software, particularly in the rapidly evolving field of multimodal LLMs.

Future Trends of AI Software Market in China

- ***Maturer Data Processing Capability.*** A significant future trend for the AI software market in China is the maturing of data processing capabilities, which will be essential for developing the next generation of AI applications. The focus is rapidly shifting beyond simply integrating vast amounts of data to strategically processing complex multimodal data from diverse sources. This is expected to become the foundational capability for the development and commercialization of advanced AI software, particularly in the area of multimodal LLMs.

- ***Further Integration of AI Software into Enterprises' Operation.*** AI software is expected to be further embedded into enterprises' daily operational processes, providing intelligent support across the entire business workflow. It improves operational efficiency and decision-making quality, and empowers in areas such as customer insights, risk control, and content generation, enabling AI software providers to deliver high value-added services to enterprises.

OVERVIEW OF AI INFRASTRUCTURE SOFTWARE MARKET IN CHINA

Development of AI Infrastructure Software Market in China

AI infrastructure software encompasses tools that provide essential capabilities in data integration, data cleansing, processing and storage to support the further AI development capabilities, which empower organizations to develop robust AI capabilities through private

deployment. Widely adopted across diverse industries, including finance, manufacturing, retail, government, and beyond, AI infrastructure software enables organizations to strengthen their AI capabilities and accelerate their digital and intelligent transformation, driving efficiency and innovation.

The value of AI infrastructure software includes improving data management efficiency, accelerating LLM deployment within enterprises, and enhancing data and model security:

- ***Transforming Raw Data into High-quality Data Assets.*** Many enterprises suffer from fragmented data assets, siloed systems, and overreliance on employee experience. Data are often stored in disparate formats across systems, increasing operations and maintenance costs and reducing development efficiency. By contrast, AI infrastructure software integrates functionalities such as data cleansing, generation, labeling, and storage, enabling unified access and centralized management of heterogeneous data sources within the enterprises. AI infrastructure software enhances overall data usability and significantly reduces data silos and redundancy, laying the foundation for building a well-structured and semantically consistent data asset system. Through standardized and automated data processing workflows, enterprises can reduce the manual costs of data governance while improving the efficiency of data analysis and model training.

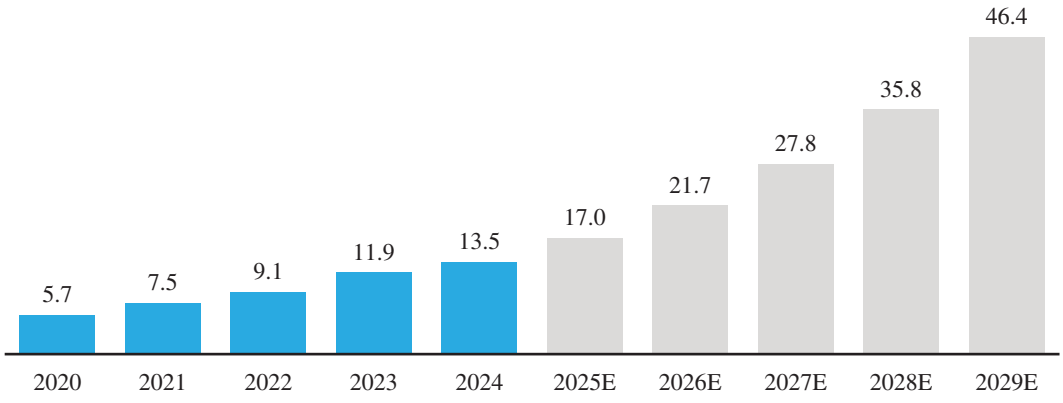
- ***Reduce Application Development Difficulty.*** As enterprises increasingly adopt AI technologies, they face growing challenges in developing and deploying AI applications effectively and efficiently. AI infrastructure software plays a crucial role in simplifying these processes, including streamlining the processes of the collection, organization and management of data, and ensuring high-quality, structured data for training models. Additionally, AI model development software provides a framework for designing, testing, and iterating models, reducing the complexity of building AI applications. By automating workflows, enabling seamless integration, and offering real-time monitoring, AI infrastructure software helps enterprises leverage AI more effectively across various business functions.

The market size of AI infrastructure software market, in terms of revenue, has grown from RMB5.7 billion in 2020 to RMB13.5 billion in 2024, representing a CAGR of 24.1% from 2020 to 2024. Looking forward, the market size of AI infrastructure software market in China, in terms of revenue, is expected to reach RMB46.4 billion in 2029 with a CAGR of 28.5% from 2025 to 2029.

AI Infrastructure Software Market in China

RMB Billion, 2020-2029E

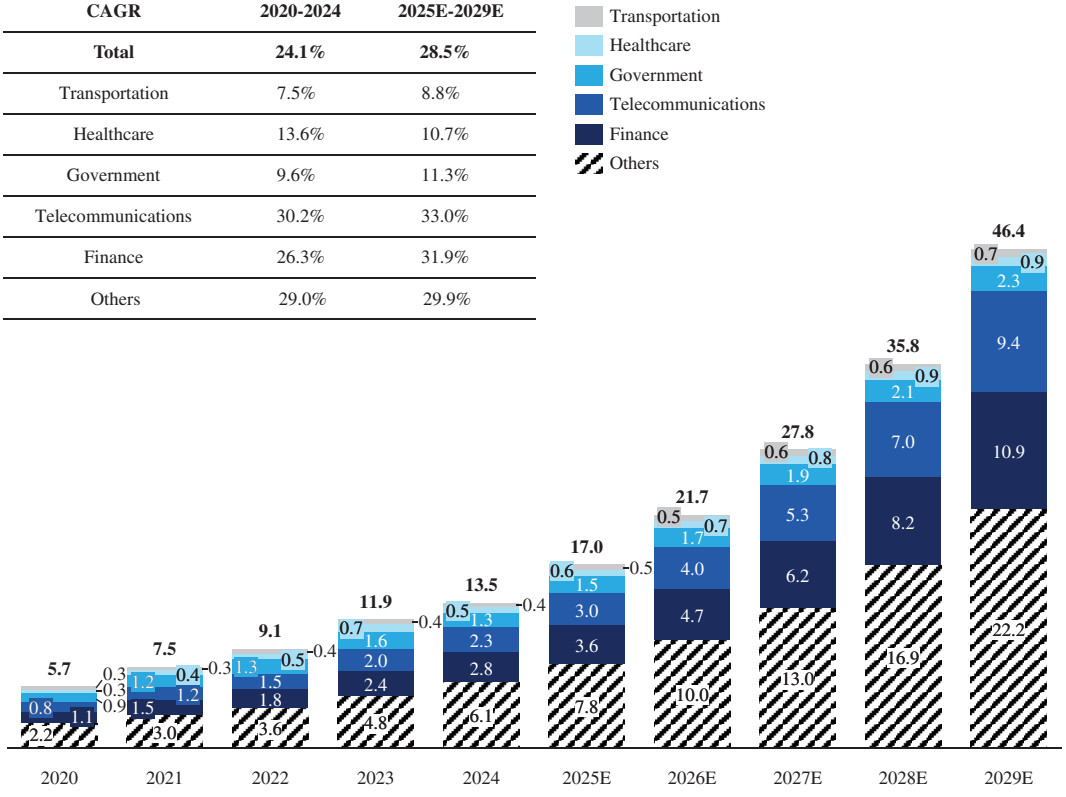
	2020-2024	2024-2029E
CAGR	24.1%	28.5%



Source: Desk research, National Bureau of Statistics, Frost & Sullivan

AI Infrastructure Software Market in China
RMB Billion, 2020-2029E

CAGR	2020-2024	2025E-2029E
Total	**24.1%**	**28.5%**
Transportation	7.5%	8.8%
Healthcare	13.6%	10.7%
Government	9.6%	11.3%
Telecommunications	30.2%	33.0%
Finance	26.3%	31.9%
Others	29.0%	29.9%



Source: Frost & Sullivan

Drivers of AI Infrastructure Software Market in China

- ***Growing Demand for Enterprise Digital Transformation.*** As enterprises seek to harness the power of AI, AI infrastructure software allows enterprises to develop and deploy AI more effectively and efficiently. For example, AI development platforms automate repetitive tasks and optimize data recognition, classification, and management processes, thereby enabling more efficient handling of massive datasets, accelerating the training and deployment of AI models, and replacing the traditional practice of developing AI models independently. As enterprises increasingly rely on AI to streamline operations and gain competitive advantages, the growing need for robust AI infrastructure is fueling the market demand for these solutions.

- ***Technological Progress and Innovation.*** The development of AI infrastructure software benefits from continuous breakthroughs in foundational technologies. Advances in cloud computing and edge computing have significantly improved resource scheduling and elastic scalability, enabling AI to be deployed and operated more efficiently across different environments. The development of AI agent technology can be applied to AI infrastructure software to help enterprises rapidly develop AI applications.

- ***Favorable Policies.*** PRC government has promulgated a series of strategic plans promoting digital transformation and intelligent development, such as the "14th Five-Year National Informatization Plan" and the "14th Five-Year Digital Economy Development Plan," which provide robust policy guidance and assurance for AI infrastructure construction and application. These policies reduce uncertainty for enterprises investing in AI infrastructure, and offer systematic support in funding, standards, and ecosystem development. As a result, technical supply, maturity of application scenarios, and innovation capacity in the market have all significantly improved, creating a favorable environment for enterprise adoption of AI infrastructure software.

Future Trends of AI Infrastructure Software Market in China

- ***The Application of Multimodal LLMs.*** As enterprises seek to extract deeper value from their data, multimodal LLMs are becoming increasingly central to AI infrastructure software. These models integrate the processing of text, images, speech, and other data types, enhancing the software's ability to understand and express information. They also enable the management of unstructured data within a unified framework, allowing enterprises to better integrate internal data assets and enhance the intelligent processing of complex tasks. Going forward, AI infrastructure software will increasingly support multimodal models through unified systems that encompass data ingestion, model training, and inference deployment, enabling seamless integration of diverse and heterogeneous data sources.

- ***Widespread Use of AI Agents.*** AI agents are expected to be widely applied in key tasks in the AI infrastructure software market in China, such as data standardization, governance, and quality inspection. These tools are driving a shift from "manual rule-based" management to "agent-driven automation." By introducing AI agents capable of continuous learning, enterprises can automatically process corpora and align text with speech, improving both the efficiency and accuracy of data governance. This reduces the reliance on manual data engineering while driving the AI infrastructure software market toward smarter, more autonomous, and sustainable data management systems, becoming a key enabler for high-quality enterprise data assets.

- ***Out-of-the-Box AI Infrastructure Software.*** The AI infrastructure software market in China is increasingly shifting toward out-of-the-box solutions, with more providers offering pre-configured, low-barrier, and highly integrated software. These solutions enable enterprises to quickly establish environments for model training, deployment, and operation, eliminating the need for in-house experts or high-performance computing resources. This trend narrows the core AI technology-commercialization gap and supports plug-and-play model and data functionalities, significantly enhancing operational efficiency.

Competitive Landscape of AI Infrastructure Software Market in China

Providers in the AI infrastructure software market can be broadly categorized into pure-play providers and non-pure-play providers. Pure-play providers are those that have focused exclusively on AI infrastructure software since their inception, offering specialized solutions tailored to the unique demands of AI-driven enterprises. In contrast, non-pure-play providers typically offer a broader range of products and services, with AI infrastructure software being one component of their larger offering portfolio. Compared with non-pure-play providers, whose AI infrastructure offerings represent only a subsegment of their broader product portfolios, pure-play providers are more focused on the development and commercialization of AI infrastructure software. This focus enables them to achieve responsive technological iteration, domain specialization, and recognition as experts in the market. However, non-pure-play providers, given their larger operational scale and established reputation built through other business lines, can leverage extensive customer relationships and deliver integrated, end-to-end solutions that combine AI infrastructure with complementary products, enabling them to capture market share more rapidly, which pure-play providers can't easily achieved.

The AI infrastructure software market in China is relatively fragmented. There are over 200 AI infrastructure software providers in China. In terms of revenue in 2024, we are the fifth largest AI infrastructure software provider in China, with a market share of 2.8%. We are also the largest pure-play AI infrastructure software provider in this market.

Ranking of Top AI Infrastructure Software Providers in China				
Ranking	Company	Pure-play or Not	Revenue (RMB Million, 2024)	Market Share (%, 2024)
1	Company A	×	1,302	9.7%
2	Company B	×	1,028	7.6%
3	Company C	×	496	3.7%
4	Company D	×	408	3.0%
5	The Company	√	371	2.8%
	Subtotal		**3,605**	**26.8%**

Notes:

(1) Company A is a private company which is primarily engaged in ICT infrastructure, cloud computing, and others.

(2) Company B is a public company which primarily provides platform-centric AI solutions for enterprises.

(3) Company C is a public company which is primarily engaged in cloud computing, local lifestyle services, digital media, and others.

(4) Company D is a public company which is primarily engaged in entertainment, marketing services, financial technology, and others.

Source: Desk research, Expert interview, Frost & Sullivan

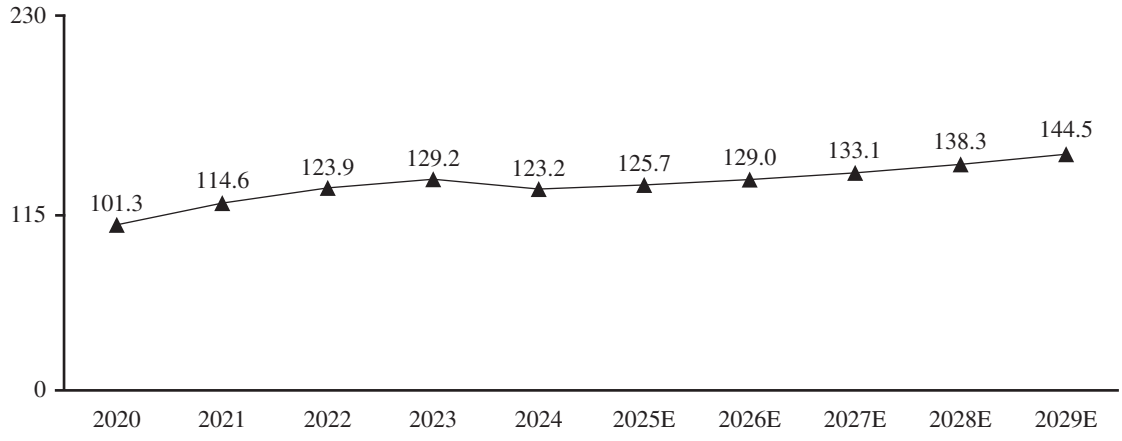
The following table also exhibits the advantages of the Group's products.

	Big Data and Cloud Infrastructure Platform Software	Distributed Database Software	Data and AI Development Tools
Value-added benefits	• Big data infrastructure empowers to process and analyze extremely large datasets, often ranging from tens of terabytes to petabyte-level, supporting enterprise-wide strategic and decision-making analysis • Cloud infrastructure enables unified deployment and elastic scaling of data and computing services across private, public, and hybrid cloud environments	• Designed for high-performance analytical processing in enterprise-scale scenarios • Also designed for high concurrency, strong consistency, and low-latency high-performance online transaction processing	• Designed to enable users to build, manage, and operate data assets across complex environments through integrating a suite of visual and low-code tools • Designed to support AI model development, including data preprocessing, training, evaluation, deployment, and monitoring, across structured, semi-structured, and unstructured data
Competitive Advantages	• Provides the fullest types of multimodal data including relational, key value, graph, search engine, wide column, text/XML/Json, object, geospatial, time series, event, and vector	• Full SQL standard syntax support, compatibility with Oracle, IBM DB2, and Teradata dialects, compatibility with Oracle and DB2 storage procedures, and smooth data migration	• Covering full lifecycle multimodal data development and AI development capability in a low-code and independent manner, with functions such as corpus data classification and hierarchical cataloging, corpus labeling, corpus management, and others
Key Performance Parameters	• Supports petabyte level of multimodal data storage and computation across 11 types of multimodal data	• Number of Query Test Passed in 1T database size reached 22	• Supports millions of tasks on a daily basis

Labor expenses represent the Group's major cost component in China's AI infrastructure software market. Fluctuation of such expense is considered relatively stable, although salary growth has been slowing down in recent years due to a sluggish job market, it is expected to resume moderate growth in the future in line with the market recovery. The average annual urban salary for employees in private companies within China's information transmission, software, and IT services industry increased from RMB101.3 thousand in 2020 to RMB123.2 thousand in 2024, reflecting a CAGR of 5.0% from 2020 to 2024, and is expected to reach RMB144.5 thousand in 2029 with a CAGR of 4.1% from 2024 to 2029.

Average Annual Urban Salary for Employees in Private Companies within China's Information Transmission, Software, and IT Services Industry

RMB Thousand, 2020-2029E



Source: Desk research, National Bureau of Statistics, Frost & Sullivan

Entry Barriers of AI Infrastructure Software Market in China

- ***Technical Barriers.*** AI infrastructure software presents multiple layers of technical barriers. For example, when dealing with large-scale multimodal data, enterprises must master efficient distributed computing technologies to enable fast training and low-latency inference. In addition, continuous technological innovation is essential. Given the rapid iteration of AI technologies, providers must significantly invest in R&D and stay at the forefront of innovation to maintain a competitive edge.

- ***Industry Know-How.*** Enterprises' needs for AI infrastructure software are often highly customized. Enterprises expect providers to provide tailored AI infrastructure software that meet their specific business requirements. Therefore, AI infrastructure software providers must accumulate in-depth knowledge of enterprises' workflows, data characteristics, and application scenarios over time. Only by offering customized services that align with enterprises' needs can AI infrastructure software providers build stable and long-term partnerships with enterprises.

- ***Data Management Capabilities.*** Data is the core asset of AI infrastructure software, and the ability to manage data effectively directly determines the performance and reliability of AI software. Enterprises must possess robust capabilities in data cleaning, labeling, and storage to ensure high data quality and availability.

- ***Talent Barriers.*** The AI infrastructure software industry involves several complex technical domains, including machine learning, deep learning, high-performance computing, and data science. Enterprises need to recruit and cultivate many highly skilled professionals. Talent development requires long-term investment and accumulation, making it difficult for new entrants to build a strong talent pool in a short period of time.

- ***Capital Barriers.*** There are significant capital barriers in AI infrastructure software market in China. The market requires substantial upfront investment in R&D, as well as ongoing product optimization and technological upgrades. Areas such as LLMs, distributed computing, and low-level architecture optimization demand significant resource allocation to build capable technical teams and stable system architectures. As a result, AI infrastructure software providers with limited financial strength may struggle to sustain long-term investment, new entrants face difficulties in overcoming the capital barriers.

- ***Brand Barriers.*** In AI infrastructure software market, enterprises' purchasing decisions heavily rely on an AI infrastructure software provider's reputation and project experience in this industry. Since this type of software is often embedded in critical business processes and incurs high switching costs once deployed, enterprises tend to choose providers with proven and stable capabilities and strong reputations.

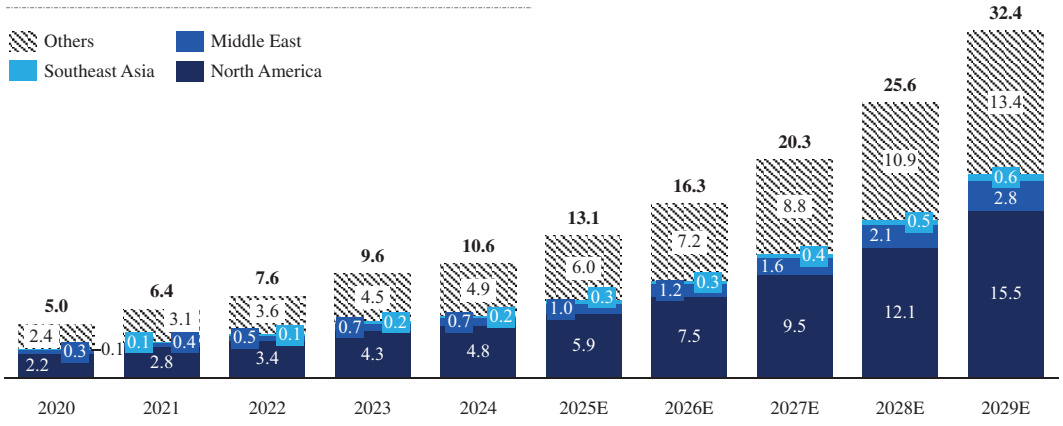
OVERVIEW OF OVERSEAS AI INFRASTRUCTURE SOFTWARE MARKET

Development of Overseas AI Infrastructure Software Market

The overseas market size of AI infrastructure software market, in terms of revenue, has grown from USD5.0 billion in 2020 to USD10.6 billion in 2024, representing a CAGR of 20.7% from 2020 to 2024. Looking forward, the market size of overseas AI infrastructure software market, in terms of revenue, is expected to reach USD32.4 billion in 2029 with a CAGR of 25.4% from 2025 to 2029.

Overseas AI Infrastructure Software Market
USD Billion, 2020-2029E

CAGR	2020-2024	2025-2029E
Total	**20.7%**	**25.4%**
North America	21.5%	27.3%
Middle East	23.6%	29.4%
Southeast Asia	18.9%	18.9%
Others	19.5%	22.2%



Source: Desk research, CAICT, Frost & Sullivan

Overseas AI infrastructure software providers include well-known cloud service providers and software providers dedicated in provision of AI infrastructure software. The Company has developed technical capabilities that rival those of the global players in the overseas AI infrastructure software market, underscoring its strong technological capabilities.

	Descriptions	Key Capabilities	The Company
Data Engineering	➢ A systematic process of designing, developing, and managing systems and infrastructure for collecting, storing, processing, and transforming data into usable formats for analysis and further AI model training	• ***Integration of data lakes and data warehouse:*** Supporting more cost-effective and efficient data processing capability by combing both advantages of data lakes and data warehouse	✓
Multi-Modal Data Management	➢ A systematic process of managing diverse types of data to support different data models to meet the demand of developing generative AI applications	• ***Multi-modal data management:*** Processing and storing tables, documents, images, audios, and videos, etc., into databases, which support vector, full-text index, graph, document, relational, time-series, and multiple other data models, in order to meet the demand of generative AI to retrieve, analyze and process various type of data	✓
Knowledge Engineering	➢ A systematic process of creating and maintaining domain-specific knowledge, which further allow AI to perform human-like reasoning and problem-solving	• ***Long-term memory system:*** Storing vast amount of semantic information, and ensure that knowledge is retained over time and used for future reasoning • ***Knowledge graph:*** Capturing entities, such as people, places, things, or concepts, and the relationships between them to help organizations transform fragmented, unstructured data into structured, actionable knowledge • ***Document metadata management:*** Cataloging vast numbers of documents into tree-hierarchy structure or graph structure based on document metadata to achieve high knowledge recall rate	✓
Corpus Processing	➢ A systematic process of analysis and process of a corpus which consists of both of textual or audio data used for machine learning tasks	• ***Preprocessing:*** Removing noise data such as irrelevant or malformed data, correcting inconsistencies, and standardizing formats, and tokenizing text into data to be further used for AI training • ***Annotation:*** Automatically labeling and tagging data with relevant information which helps to scale corpus annotation efforts • ***Data synthesis:*** Generating data that is representative of the patterns, distributions, and relationships found in actual data, without directly relying on real-world data sources through AI	✓
ML & LLM Operational System	➢ A set of practices, tools, and workflows that streamline and automate the deployment and training of AI models in production environments	• ***Deployment:*** Supporting rapid deploying ability of LLM (including multimodal models, embedding models, and reranker models), as well as traditional models (e.g., NLP, CV, OCR) with fine-grained access control and traffic control in both single-node or distributed deployment • ***Training:*** Supporting training ability of LLMs, from post-pretrain to fine-tuning phases with proper version control and training data traceability; Supporting unsupervised pre train, supervised fine tuning and reinforcement learning; Supporting both full-parameter training and partial-parameter training such as LoRA, QLoRA	✓
Agent Development	➢ The process of creating autonomous or semi-autonomous systems, often called "agents"	• ***Zero-code agent construction:*** Providing tools that abstract away the need for manual coding • ***Low-code agent construction:*** Providing predefined operators to enable user orchestrating their own workflow, including RAG workflow and data processing workflow • ***Agent service management:*** Providing rapid deployment of agents, with both API access or Chat UI access, with the capability to scale in or out based on the metrics of the current traffic and workload	✓

Source: Frost & Sullivan

Drivers of Overseas AI Infrastructure Software Market

- ***Chinese Enterprises' Global Expansion.*** In recent years, amid intensifying competition in the domestic market, a number of Chinese enterprises across diverse industries have been seeking to expand their business and diversify revenue streams through overseas expansion. This outbound momentum has driven enterprises from various sectors in China to more actively adopt AI infrastructure software which has already been tested in the Chinese market, to accelerate the deployment of AI capabilities overseas and gain stronger competitiveness abroad. The trend of Chinese enterprises' global expansion has created abundant overseas opportunities for AI infrastructure software providers.

- ***Favorable Policies in Overseas Countries and Regions.*** Many governments around the world have implemented favorable policies to promote the development of the AI infrastructure software industry. Southeast Asian countries have also introduced favorable policies related to AI infrastructure software, such as Malaysia's "National AI Roadmap" and Thailand's "National AI Strategy and Ethics Guidelines," both of which identify AI as a driver of economic growth. In the Middle East, Saudi Arabia has launched "Project Transcendence," which plans to invest up to USD100 billion in an artificial intelligence initiative program. These favorable policies provide natural application scenarios for AI infrastructure software and stimulate the market demand in the overseas AI infrastructure software market.

Future Trends of Overseas AI Infrastructure Software Market

- ***Increased Focus on Data Privacy and Security.*** As AI technology becomes more deeply embedded in many critical enterprise systems, there is a growing emphasis on safeguarding sensitive data and ensuring the integrity of AI infrastructure software. Overseas enterprises are expected to prioritize robust data privacy measures and strengthen security protocols, in response to rising concerns about data privacy and the need for transparent ethical AI practices.

- ***Chinese AI Infrastructure Software Providers Going Global.*** Leveraging high product performance and a comprehensive range of capabilities, Chinese AI infrastructure software providers are actively participating in the competition in the overseas AI infrastructure software market. With product and service experience refined in the Chinese market, Chinese AI infrastructure providers are expected to serve an increasing number of overseas enterprises in the future.

SOURCE OF INFORMATION

In connection with the [**REDACTED**], we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the markets in which we operate. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have agreed to a total of RMB0.4 million in fees and expenses for the preparation and use of the Frost & Sullivan Report. The payment of such an amount was not contingent upon our successful [**REDACTED**] or on the results of the Frost & Sullivan Report. Apart from the Frost & Sullivan Report, we have not commissioned any other industry report in connection with the [**REDACTED**].

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 [**REDACTED**] with a more comprehensive presentation of the industries in which we operate. 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. Frost & Sullivan prepared its report based on its in-house database and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan interviews companies operating in the industry to gather and synthesize information in relation to the market and other relevant information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report, including those used to make future projections, are factual, correct and not misleading. Frost & Sullivan has independently analyzed the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan's research may be affected by the accuracy of these assumptions and the choice of these primary and secondary sources.