

INDUSTRY OVERVIEW

Certain information and statistics set out in this section have been extracted from various official government publications, market data providers and a report commissioned by us and prepared by an independent third party, Frost & Sullivan (the “Frost & Sullivan Report”). The information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any of their respective directors, officers, employees, advisers or agents or any other parties involved in the [REDACTED], and no representation is given as to its accuracy, fairness and completeness.

OVERVIEW OF INSURANCE AI TECHNOLOGY INDUSTRY IN CHINA

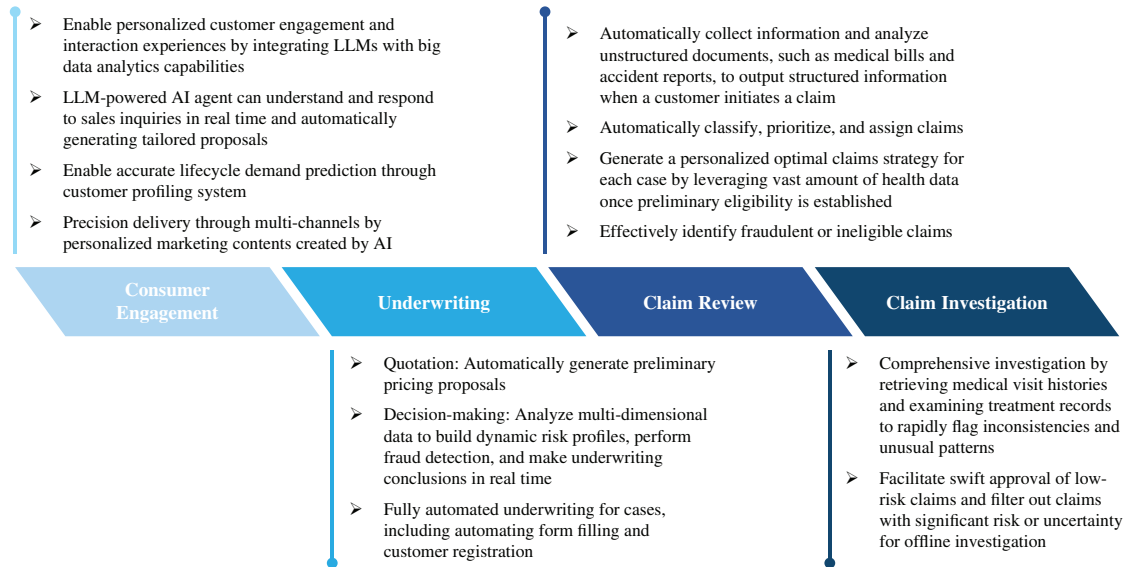
Definitions of Artificial Intelligence, AI Technology and AI Agent

Artificial Intelligence. Artificial intelligence (AI) is a field of computer science focused on developing software that simulates human intelligence, enabling machines to perform cognitive tasks such as learning and problem-solving. As a foundational technology, AI is set to reshape interactions between people and machines for years to come. Achieving scalable, high-performance solutions that deliver accuracy, speed, and energy efficiency in a cost-effective manner remains a significant challenge for the industry.

AI Technology. AI technology integrates advanced algorithms into hardware, software, and services, delivering targeted solutions that automate processes, enhance decision-making, and enable personalized experiences. Among these, Large Language Models (LLMs) are a category of deep learning models trained on vast datasets and are capable of understanding and generating human-like text, recognizing patterns, and making decisions with greater accuracy than earlier AI systems. The insurance industry is shifting from traditional rule-based AI systems to LLM-powered intelligent solutions, unlocking new possibilities for innovation, operational efficiency, and improved customer engagement.

AI Agent. AI Agents represent the next evolution of artificial intelligence — autonomous systems equipped with environmental perception, decision-making, and action execution capabilities. AI agents in insurance AI technology industry are applied in four stages: customer engagement, underwriting, claim review and claim investigations. In real life, AI agents take various forms, such as voice agents and claim verification agents. By utilizing nationwide medical data coverage and health insurance risk analytics knowledge datasets, claim verification AI agents can identify anomalies in medical records or flag claims with unusually high amounts for further review.

Application of AI Technology in Insurance Industry



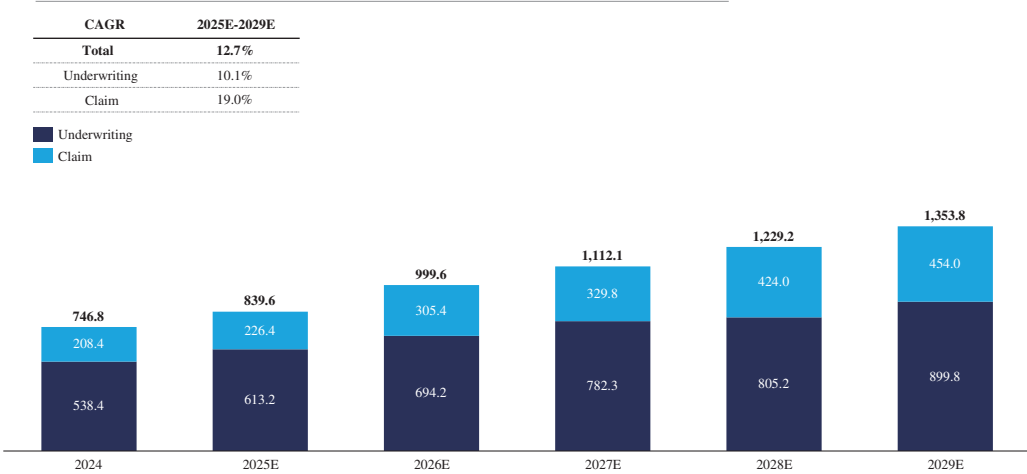
Sources: Public Information, Frost & Sullivan

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Total Addressable Market for Insurance AI Technology in China

The total addressable market for insurance AI technology in China, which encompasses revenue opportunities from AI technology applications in underwriting solutions and claim solutions, was RMB746.8 billion in 2024 and is expected to reach RMB1,353.8 billion in 2029, representing a CAGR of 12.7% from 2025 to 2029.

Total Addressable Market of Insurance AI Technology in China
RMB Billion, 2024-2029E



Sources: Expert Interview, National Bureau of Statistics, National Financial Regulatory Administration, Frost & Sullivan

Note: TAM of insurance AI technology comprises both underwriting-related and claims-related segments. Underwriting solutions primarily encompass fee generated from customer engagement, underwriting case assessment, and technology deployment, while claim solutions primarily encompass fee generated from claims review and investigation and technology deployment.

Pain Points of Insurance Companies in China

High customer engagement cost and low customer lifetime value

Insurance companies have an insufficient understanding of their customers’ needs and risk profile, and claim data is not automatically used to inform or refine underwriting procedures. This gap prevents insurance companies from realizing the full value of each customer over their lifetime and hinders the efficiency of customer engagement.

Inefficiency and fragmented data utilization resulted by high reliance on manual labor

Across consumer engagement, underwriting, claim review and claim investigation, traditional insurance operations rely heavily on offline channels, static rules and manual workflows. At the consumer engagement stage, reliance on agent networks and bancassurance limits direct access to granular user behavior data and real-time interaction insights. In underwriting, rule-based models primarily depend on limited historical data and lack the ability to incorporate dynamic or alternative data sources, constraining risk differentiation and pricing accuracy. During claim review, manual document verification and fragmented processes lead to longer processing cycles and variability in assessment outcomes. In claim investigation, reliance on human judgment and post-event verification makes it difficult to efficiently identify complex or organized fraud patterns. As a result, data utilization remains fragmented and inefficient, leading to higher operational costs, inconsistent outcomes and constrained risk assessment accuracy across the insurance value chain.

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High loss ratio and low profitability

Many insurers report high loss ratios — around 40% — and declining profit margins falling below 5%, with some experiencing net operating losses. These issues are largely due to the absence of advanced risk analytics, which hampers the detection of high-risk events and leads to suboptimal claim settlements. Developing in-house risk analytics capabilities requires significant investment in both technology and expertise.

Key Growth Drivers of Insurance AI Technology Industry in China

Rapid growth and vast potential of China insurance industry

China’s insurance market has undergone rapid growth historically, increasing from RMB4.5 trillion in 2020 to RMB5.7 trillion in 2024 in terms of premiums, representing a CAGR of 5.9%. It is projected that China’s insurance market size will reach RMB9.8 trillion in 2029, representing a CAGR of 12.5% from 2025 to 2029. The health insurance segment has also expanded, growing from RMB0.8 trillion in 2020 to RMB1.0 trillion in 2024, with a CAGR of 4.6%. It is expected to reach RMB1.7 trillion by 2029, representing a CAGR of 11.6% from 2025 to 2029, driven by increased public health awareness and ongoing innovation in products, technology, and services.

Despite ranking as the world’s second-largest insurance market by premiums in 2024, China’s insurance penetration rate stood at only 4.4%, compared to the insurance penetration rate in the United States, the United Kingdom and Japan of 12.5%, 10.9% and 8.8%, respectively. The average per capita insurance spending in China was at only USD578, compared to the same number of the United States, the United Kingdom and Japan of USD10.0 thousand, USD5.1 thousand and USD3.0 thousand, respectively, in the same year. This highlights not only China’s strong growth momentum but also its vast potential for future development.

Strong customer demand for intelligent, streamlined, and user-friendly insurance services

From a customer perspective, the intelligent experience in the insurance industry has long lagged sectors such as internet retail and mobility. As customer behavior is shifting toward a strong demand for instant, seamless, and highly personalized services in insurance services, insurance companies must focus on intelligent operations across marketing, underwriting and claims, underpinned by AI capabilities and data-driven insights. This enables them to optimize resource allocation, improve decision-making and ultimately enhance their profitability.

Improving usability of AI technologies in the insurance industry, enabling insurance companies to enhance operational efficiency and innovate their business models

Advanced in LLMs have significantly enhanced language understanding, logical reasoning, and content generation, providing a robust foundation for processing the vast volumes of unstructured text found in insurance — such as contracts, claims reports, and medical records. The growth of industry-specific datasets has enabled the development of tailored solutions, including LLMs and AI agents. As these technologies mature, their accuracy and reliability have markedly improved, positioning AI as a core business enabler rather than a peripheral tool. This shift allows for seamless AI integration across the insurance value chain — from marketing and underwriting to claims and customer service — driving operational efficiency and fostering business model innovation.

Competitive Landscape of Insurance AI Technology Companies in China

The following table sets forth the top five market participants in terms of number of insurance cases processed in 2024, including underwriting and claim cases, showing the Company is the largest independent AI-driven technology company in the insurance industry in China.

Ranking of Top Five Insurance AI Technology Providers in China, by Number of Cases			
Ranking	Company	Number of Cases (Million, 2024)	Independent or Not
1	Company A	83.7	No
2	Company B	33.2	No
3	The Company	31.0	Yes
4	Company C	22.4	Yes
5	Company D	19.6	Yes
Top 5		189.9	

Sources: Public information, expert interview, annual reports of public companies and Frost & Sullivan

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Notes:

1. Dependent insurance AI technology companies benefit from the online traffic support from an online platform to which they are affiliated with independent insurance AI technology companies do not have such affiliated online platform.
2. Company A founded in 2016 and headquartered in China, has a registered capital of RMB50.0 million and is not listed on any stock exchange. It is a wholly-owned subsidiary of an open Internet platform, committed to providing customers with a safe and convenient Internet insurance experience.
3. Company B founded in 2017 and headquartered in China, has a registered capital of RMB56.1 million and is not listed on any stock exchange. It is an insurance AI technology platform owned by a listed technology company, providing users with convenient and professional insurance services.
4. Company C founded in 2019 and headquartered in China, has a registered capital of RMB47.0 million and listed in NASDAQ. It leverages AI algorithms and data analytics to capture customers’ latent health insurance demand, and in the meantime guide insurance companies to design highly customized products accurately addressing customers’ demand.
5. Company D founded in 2014, headquartered in China, has a registered capital of RMB15.3 million and is listed in NASDAQ. It is a technology company specializing in the research, development, and innovation of AI technologies for insurance digitalization and intelligence.

The following table sets forth the top ten market participants in terms of revenue in 2024, showing the Company is the 7th insurance AI technology company in China with a market share of 2.2%.

Ranking of Top Ten Insurance AI Technology Providers in China, by Revenue				
Ranking	Company	Revenue (Million RMB, 2024)	Market Share (%)	Independent or Not
1	Company A	5,274	12.1%	No
2	Company B	3,400	7.8%	No
3	Company C	3,285	7.5%	Yes
4	Company E	2,364	5.4%	Yes
5	Company D	1,626	3.7%	Yes
6	Company F	995	2.3%	Yes
7	The Company	944	2.2%	Yes
8	Company G	935	2.1%	Yes
9	Company H	931	2.1%	Yes
10	Company I	928	2.1%	Yes
Top 10		20,681	47.3%	

Sources: Public information, expert interview, annual reports of public companies and Frost & Sullivan

Notes:

1. Company E founded in 2017 and headquartered in China, has a registered capital of RMB50.0 million and listed in NYSE. It is dedicated to providing insurance AI technology and healthcare services through medical crowdfunding, insurance marketplace, and healthcare.
2. Company F founded in 2006 and headquartered in China, has a registered capital of RMB244.8 million and listed in NASDAQ. It is an internet insurance product and service platform.
3. Company G founded in 2005 and headquartered in China, has a registered capital of RMB952.9 million and listed in SZSE. It provides software and digital technology services, computing products and smart electronics, digital energy and intelligent computing services and international services.
4. Company H founded in 2000 and headquartered in China, has a registered capital of RMB91.3 million and listed in HKEX. It is a global software and information technology services company.
5. Company I founded in 1996 and headquartered in China, has a registered capital of RMB831.0 million. It specializes in the research, development, application and service of computer software.

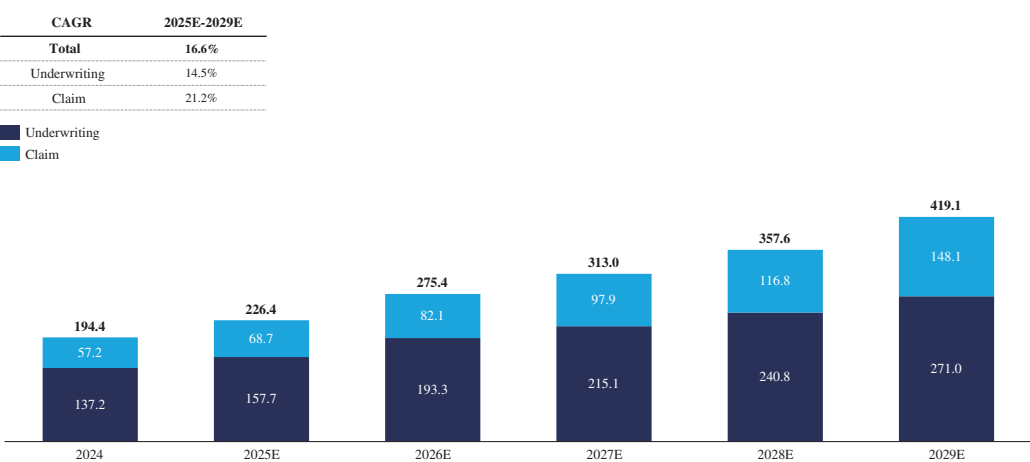
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OVERVIEW OF HEALTH INSURANCE AI TECHNOLOGY INDUSTRY IN CHINA

Total Addressable Market for Health Insurance AI Technology in China

The total addressable market for health insurance AI technology in China, which encompasses revenue generated from AI technology applications in underwriting solutions and claim solutions focusing only on health insurance industry, was RMB194.4 billion in 2024, which is expected to reach RMB419.1 billion in 2029, representing a CAGR of 16.6% from 2025 to 2029.

Total Addressable Market of Health Insurance AI Technology in China
RMB Billion, 2024-2029E



Sources: Expert Interview, National Bureau of Statistics, National Financial Regulatory Administration, Frost & Sullivan

Note: TAM of health insurance AI technology comprises both underwriting-related and claims-related segments in health insurance. Underwriting solutions primarily encompass fee generated from customer engagement, underwriting case assessment, and technology deployment, while claims solutions primarily encompass fee generated from claims review and investigation and technology deployment.

Development Trends for Health Insurance AI Technology Industry in China

High loss ratio is driving the trend of developing full-stack risk analytics capabilities

The loss ratio for health insurance reached around 40% in 2025, which drives the high demand from health insurance companies for precise risk management. AI technology providers are developing comprehensive risk analytics solutions covering customer engagement, underwriting, claims review and investigation, as well as ongoing health management and preventive services. These AI-driven solutions enable more accurate identification of high-risk groups and dynamic claims monitoring, effectively reducing fraud and optimizing risk assessment for improved profitability.

Data integration and knowledge base construction become key success factors

Success in health insurance AI technology hinges on effective data integration and robust knowledge base development. Providers are building unified data ecosystems by integrating information from insurers, healthcare providers, and third-party platforms. Collaborations with hospitals, health examination centres, and digital health platforms further enhance risk assessment and product optimization. Comprehensive knowledge bases spanning diseases, medical data, customer behavior, and insurance expertise accelerate business responsiveness and decision-making.

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Integrated Health Service Ecosystems through Collaboration

The industry is seeing increased collaboration between insurers and health management service providers to create integrated health service ecosystems. These ecosystems combine insurance with healthcare management, offering comprehensive protection and facilitating early disease intervention. Leveraging technology, such solutions deliver personalized healthcare management, real-time monitoring, and proactive services, thereby enhancing the value proposition of specialty health insurance products and supporting market growth.

Market Size of Health Insurance AI Technology Industry in China

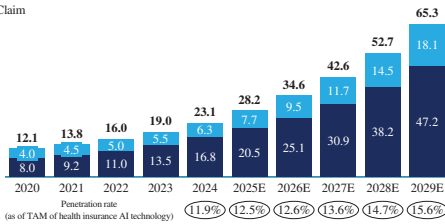
The market size of health insurance AI technology industry in China has grown from RMB12.1 billion in 2020 to RMB23.1 billion in 2024, and further to RMB65.3 billion by 2029, with a CAGR of 23.3% from 2025 to 2029. Despite this rapid expansion, the penetration rate of TAM of health insurance AI technology in China remains relatively low at 11.9% in 2024, and is projected to rise to 15.6% by 2029, highlighting significant market opportunities.

By provider type, independent providers hold a larger market share. Their market size was RMB6.2 billion in 2020, is expected to reach RMB17.0 billion in 2024, and further expand to RMB48.8 billion by 2029, with a CAGR of 23.7% from 2025 to 2029. Independent providers are expected to contribute approximately 74.7% of the market by 2029.

Size of Health Insurance AI Technology Market in China, Breakdown by Type of Services
RMB Billion, 2020-2029E

CAGR	2020-2024	2025E-2029E
Total	17.6%	23.3%
Underwriting	20.3%	23.2%
Claim	11.8%	23.7%

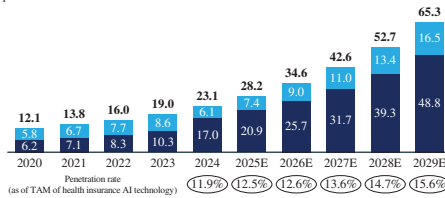
Underwriting
Claim



Size of Health Insurance AI Technology Market in China, Breakdown by Type of Providers
RMB Billion, 2020-2029E

CAGR	2020-2024	2025E-2029E
Total	17.6%	23.3%
Independent	28.5%	23.7%
Dependent	1.1%	22.4%

Independent
Dependent



Sources: Expert interview, National Bureau of Statistics, National Financial Regulatory Administration, Frost & Sullivan

Competitive Landscape of Health Insurance AI Technology Companies in China

The Company has full-stack risk analytics capabilities to facilitate the end-to-end business operation processes, from customer engagement and underwriting risk assessment to claim review and investigation, customer services and beyond. Furthermore, by leveraging our knowledge base and AI agents, underpinned by our robust data accesses, the Company enables insurance companies to streamline and automate the most critical aspects of their business operations. The Company competes with players of all the types, regardless of their dependency or full-stack capability.

The following table sets forth the top ten market participants in terms of revenue in 2024, showing the Company is the largest AI-driven technology company in the health insurance industry in China with full-stack risk analytics capabilities.

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Ranking of Top Ten Health Insurance AI Technology Providers in China, by Revenue				
Ranking	Company	Revenue (RMB Million, 2024)	Market Share (%, 2024)	Full-stack or Not
1	Company A	3,692	16.0%	No
2	Company C	3,086	13.4%	No
3	Company B	2,380	10.3%	No
4	Company E	1,652	7.2%	No
5	The Company	944	4.1%	Yes
6	Company J	521	2.3%	No
7	Company F	483	2.1%	No
8	Company G	377	1.6%	No
9	Company I	186	0.8%	No
10	Company K	180	0.8%	No
Top 10		13,501	58.5%	

Sources: Public information, expert interview, annual reports of public companies and Frost & Sullivan

Notes:

1. Full-stack health insurance AI technology solutions include underwriting solutions and claim solutions. For underwriting solutions, it covers customer engagement, underwriting case assessment and technology deployment. For claim solutions, it covers claims review, claim investigation and technology deployment.
2. Company J founded in 2015 and headquartered in China, has a registered capital of RMB4.9 million and listed in HKEX. It provides insurance AI technology services, primarily focused on distributing insurance products through various online and agent-assisted platforms.
3. Company K founded in 2016 and headquartered in China, has a registered capital of RMB13 million. It primarily offers health insurance AI technology to insurance companies to improve their case review and investigation accuracy and efficiency.

Entry Barriers of Health Insurance AI Technology Industry

- **Advancement in AI technologies.** Strong AI-driven, data-driven technology capabilities to automate underwriting and/or claim management processes.
- **Sufficient industry know-how.** Sufficient health insurance industry know-how around both product and customers.
- **Access to and analysis of health and medical data.** Proficiency in accessing and analyzing vast amounts of health and medical data.
- **R&D capability.** Advanced and efficient research and development capabilities in AI and data analytics to maintain leadership in technology advantage.
- **Ecosystem support.** Strong relationships with insurance companies, pharmaceutical companies and a talented workforce.

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SOURCE OF INFORMATION

In connection with the [REDACTED], we have engaged Frost & Sullivan to conduct a detailed analysis and to 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 RMB400,000 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 Listing 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 investors 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, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan contacts companies operating in the industry to gather and synthesize information in relation to the market, prices 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.

Our Directors confirm that after taking reasonable care, there has been no adverse change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict, or have an impact on the information set forth in this section in any material respect.