

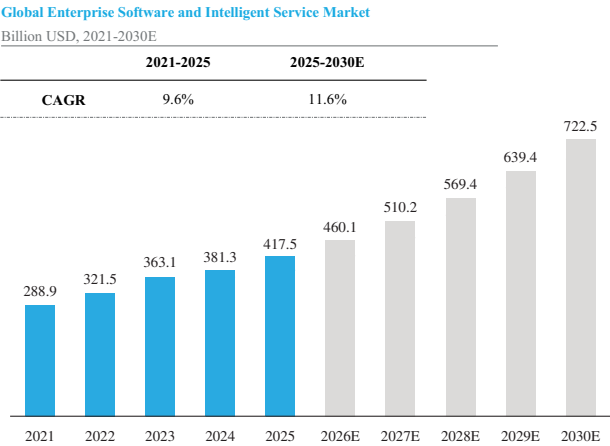
INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public, market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan. The information from official government sources has not been independently verified by us, the Joint Sponsors, the [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

OVERVIEW OF GLOBAL ENTERPRISE SOFTWARE AND SERVICE MARKET

Development of Global Enterprise Software and Service Market

Enterprise software and service refers to the software and service provided to enterprises to support various business operations and management of enterprises. Enterprise software and services usually include enterprise resource planning (including human resource), customer relationship management, supplier relationship management, and product lifecycle management, and other software and service powered by AI, which are designed to help enterprises upgrade and transform their business processes and management system in a digital and intelligent manner. The global enterprise software and service market has experienced three key stages of development, from on-premises, cloud-based to AI powered, each of which has shown significant evolution in terms of technology architecture, product, business model and core value proposition. Going forward, the market size of global enterprise software and service market, in terms of revenue, is expected to reach US\$722.5 billion in 2030 with a CAGR of 11.6% from 2025 to 2030.



Source: Desk research, WIPO, Frost & Sullivan

The global enterprise software and service market features intense competition, with an estimated number of over 20 thousand providers worldwide, ranging from comprehensive technology providers to numerous specific solution providers. The market remains relatively fragmented, as the top 10 players collectively account for approximately 30% of the global

INDUSTRY OVERVIEW

market, in terms of revenue. In terms of revenue in 2025, we held an estimated market share of approximately 0.3% in the global enterprise software and service market. Although we were not ranked among the top 10 global provider, we remained as the largest enterprise software and service provider in China.

Drivers of Global Enterprise Software and Service Market

- ***Development of Emerging Technologies.*** Core digital technologies such as cloud computing, big data and artificial intelligence are advancing rapidly, improving data collection and processing efficiency while lowering application costs and barriers. In particular, advances in AI algorithms, growing data availability, declining computing costs and cloud-based deployment have enhanced AI’s usability and accelerated its adoption across industries, driving continued growth in the global enterprise software and services market.
- ***Well-established Digital Intelligence Infrastructure.*** The continuous upgrade of networks, computing power, and storage facilities has greatly improved enterprises’ capabilities in data acquisition, processing, transmission, and storage, laying a solid foundation for the deployment and application of enterprise software.
- ***Increasing Demand for Digital and Intelligent Transformation from Enterprises.*** Digital and intelligent transformation has become a key approach to enhancing per capita productivity as more enterprises are investing in automation and intelligent technologies. In addition to internet enterprises, traditional industries such as manufacturing, energy, and agriculture are also accelerating their digital transformation. This growing demand for digital and intelligent transformation across sectors continues to drive the development of the global enterprise software and service market.

Future Trends of Global Enterprise Software and Service Market

- ***Rising Importance of IT Spending.*** In the digital era, software has become the core carrier of digital technologies, and enterprises are relying more on software to drive innovation, enhance efficiency, and optimize operation. As enterprise IT spending rises, software expenditure as a share of overall IT spending is also expected to grow from 4.6% in 2025 to 5.1% in 2030.
- ***Growing Cloud Service Adoption.*** With increasing technological maturity and declining costs of use, cloud deployment is becoming the mainstream IT architecture for enterprises. More businesses are moving their core applications and business systems to the cloud to improve flexibility, scalability, and operational efficiency.
- ***Deeper Integration with AI Technology.*** With continuous breakthroughs in AI technology, AI is becoming deeply integrated into enterprise software and services and serving as a key driver of market growth. AI creates new demand for intelligent applications, increases enterprises’ needs for high-quality data governance and data platforms, and drives upgrades of legacy software systems that cannot support AI deployment and operation. These trends are accelerating the evolution of enterprise applications toward smarter and higher-value use cases while expanding the enterprise software and services market.

INDUSTRY OVERVIEW

Key Success Factors of Global Enterprise Software and Service Market

- ***R&D Capabilities.*** In a technology-driven and fast-evolving enterprise software and service market, R&D capabilities are essential to build long-term competitive advantages. Leading players typically possess a rich reserve of technical talent, maintain sustained investment in R&D, and demonstrate deep industry expertise. These strengths enable them to establish technology and product leadership and differentiation. Diversified and professional R&D teams help maintain various technological advantages such as algorithms, system architecture, and industry-specific know-how. Continuous investment drives technological iteration, platform refinement, and core algorithm optimization, thereby building strong intellectual property barriers. A deep understanding of enterprises’ business scenarios also enables the development of products and solutions that are highly aligned with customers’ needs. Furthermore, strong R&D capabilities can enable rapid integration of emerging technologies such as AI. Enterprise with strong R&D capabilities can quickly embed these emerging technologies into their offerings achieving market leadership.
- ***Customer success mechanisms.*** Leading enterprise software and service providers must also have specialized, engineered, scaled marketing, customer sales, project delivery and continuous service capabilities. These capabilities enable them to achieve large-scale sales of products in local market and global markets, significantly diminishing the cost of delivery and service while ensuring customer satisfaction.
- ***Scaled and complete ecosystem.*** A leading enterprise software and service provider should also establish and operate a diversified and scalable ecosystem around its core products and services, comprising independent software developers, professional service providers, and other sales and marketing partners and technology partners.

Threats and Challenges of Global Enterprise Software and Service Market

- ***Local market expansion.*** Global enterprise software and service providers face challenges when expanding into new local markets due to factors such as different regulatory environments and competitive dynamics. Therefore, enterprise software and service providers have to adapt products for different industry standards and local markets’ demands, which increases go-to-market complexity and limits their economies of scale.
- ***Rising emphasis on data protection.*** Leading global enterprise software and service providers should comply with a complex and evolving array of data protection and compliance regulations, which increases compliance cost and potential legal exposure. In addition, cross-border data transfer restrictions limit scalability and necessitate region-specific deployments, further adding to operational complexity.

INDUSTRY OVERVIEW

OVERVIEW OF ENTERPRISE SOFTWARE AND SERVICE MARKET IN CHINA

Development of Enterprise Software and Service Market in China

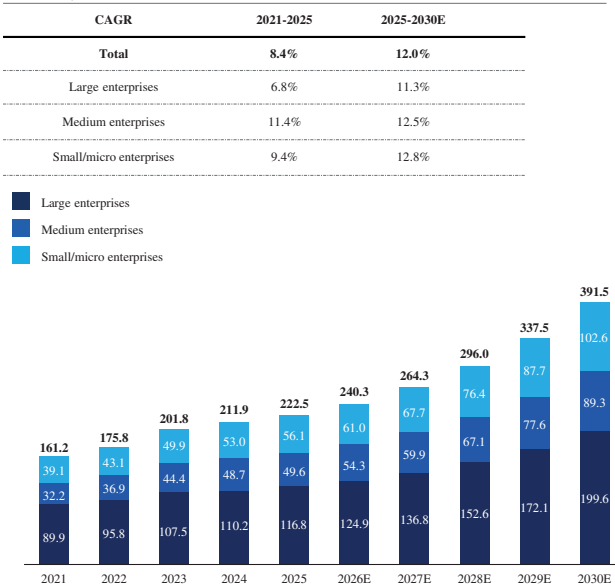
China has developed into the world’s second largest enterprise software and service market after the U.S., and there is still a large room for development in the future. Specifically, the main differences between the Chinese and U.S. markets are as follows:

Dimension	China	United States
Business Complexity and Innovativeness	<ul style="list-style-type: none">Chinese enterprises, especially large ones, often have highly complex business processes and highly customized systems. As a result, Chinese providers tend to possess stronger comprehensive capabilities across technology, products, and service systems.Chinese digital intelligence business environment is advanced. More industry-leading companies are starting to be at the forefront of global digital intelligence innovation and are beginning to export it globally.	<ul style="list-style-type: none">Most enterprises operate with well-standardized processes and clear management frameworks. This leads to higher acceptance of standardized enterprise software products and shorter implementation cycles.
IT Budget as a Percentage of Revenue	<ul style="list-style-type: none">Overall IT investment by Chinese enterprises remains relatively low, with IT budgets typically accounting for less than 5% of revenue. This is especially true in traditional industries. However, there is substantial potential for growth.	<ul style="list-style-type: none">U.S. enterprises generally allocate a higher proportion of revenue to IT budgets. IT is viewed as a strategic investment to enhance competitiveness and operational efficiency, with budget shares often exceeding 5%. Digital transformation of the enterprises is considered a key mid- to long-term strategic focus.
Cloud Adoption	<ul style="list-style-type: none">Cloud migration among Chinese enterprises still has considerable room for growth. Large clients are adopting deployment models centered around private and dedicated clouds.	<ul style="list-style-type: none">U.S. enterprises show a high level of acceptance of cloud migration. Most enterprises, particularly small and medium-sized ones, primarily adopt public cloud deployment models.
Acceptance of Subscription Fee Model	<ul style="list-style-type: none">Subscription fee models have been relatively well accepted by small and medium-sized Chinese clients. However, large enterprises still have room for broader adoption of this model. The number of accepted enterprises is already growing.	<ul style="list-style-type: none">U.S. enterprises widely embrace subscription models, with a strong preference for “pay-as-you-go” or monthly/yearly subscription plans. They place greater value on the continuous services and updates that come with such models.

The market size of enterprise software and service market in China, in terms of revenue, is expected to increase from RMB222.5 billion in 2025 to RMB391.5 billion in 2030 with a CAGR of 12.0%.

Enterprise Software and Intelligent Service Market in China

Billion RMB, 2021-2030E



INDUSTRY OVERVIEW

Source: Desk research, CAICT, Frost & Sullivan

Major cost components of companies in the enterprise software and service market in China or, by the extension, the technology service industry is primarily the salary and benefit expenses paid to employees. The average annual urban salary for employees in private companies within China’s information transmission, software, and IT services industry increased from RMB114.6 thousand in 2021 to RMB128.2 thousand in 2025, reflecting a CAGR of 2.8% from 2021 to 2025. The average annual urban salary for employees in private companies within China’s information transmission, software, and IT services industry is expected to continue increasing, amounting to RMB157.4 thousand in 2030 with a CAGR of 4.2% from 2025 to 2030. The steady increase in costs for enterprise software and service providers is considered normal rather than any material fluctuation and is not expected to have a materially adverse impact on their operations.

Drivers of Enterprise Software and Service Market in China

- ***AI Accelerates the Digital and Intelligent Transformation of Enterprises.*** The rapid breakthroughs in AI technology, particularly the widespread adoption of generative AI based on large models, have significantly heightened the urgency and willingness of Chinese enterprises to invest in digital and intelligent transformation. AI is being deeply embedded into core business processes. This trend not only accelerated the procurement of intelligent software and services, but also spurred demand for enterprise data platforms and service software, while further driving the upgrade of enterprise software systems to a new generation equipped with intelligent service capabilities.
- ***Information Technology Application Innovation Wave Accelerates Software and Service Growth.*** Against the backdrop of shifting global geopolitics and heightened supply chain security concerns, information technology application innovation has become a key priority for IT system procurement among Chinese enterprises and public organizations. Driven by the needs for compliance, security, and controllability, enterprises are actively seeking domestic alternatives, creating revenue growth opportunities for Chinese software and service providers. The information technology application innovation movement is also accelerating the maturity of the local software ecosystem, enhancing software functionality and simultaneously expanding related service such as IT services, maintenance, and migration consulting. This provides long-term momentum for the continued growth of China’s enterprise software and service market.
- ***The globalization of Chinese enterprises has fueled demand for enterprise software and services.*** In recent years, the overseas expansion of Chinese enterprises, or globalization of Chinese enterprises, has significantly accelerated. The expansion of these enterprises operating worldwide require increasing support of digital and intelligence platforms and systems, which further accelerated their digital and intelligent transformation and the deep adoption of software systems, resulting in a surge in market demand for enterprise software and intelligent services.

INDUSTRY OVERVIEW

- ***Policy Support Unlocks Industry Growth Potential.*** The Chinese government attaches great importance to the development of the digital economic development and enterprise digital and intelligent transformation. It has introduced a series of policy documents, including the “14th Five-Year Plan for Digital Economy Development” which emphasizes that the software industry shall be further expanded and strengthened, with a focus on enhancing innovation capacity and supply capability in key software technologies, and “Guiding Opinions on Accelerating the Transformation and Upgrading of Traditional Manufacturing Industries enterprises,” which asks to accelerate digital technology empowerment and comprehensively promote. In addition, The Proposal for Formulating the 15th Five-Year Plan for National Economic and Social Development emphasizes the need to comprehensively enhance independent innovation capabilities and, more importantly, to increase government procurement of domestically innovated products.” The “Three-Year Action Plan for Building a National High Ground in the Information Innovation Industry (2023-2025)” also calls for establishing a citywide catalogue of information technology application innovation opportunities and promoting adoption in key sectors such as finance and energy, in order to seize the strategic opportunities created by information technology application innovation in central state-owned enterprises. Collectively, these policies are expected to strengthen China’s software innovation capabilities, accelerate the development and adoption of domestic enterprise software and service in China, and reduce reliance on foreign technologies.”

Development Trends of Enterprise Software and Service Market in China

- ***AI Accelerated the Digital and Intelligent Transformation of Enterprises and Drive Upgrades in Software and Services.*** The rapid development of AI has accelerated the digital and intelligent transformation of enterprises and driven the upgrade of enterprise software systems to a new generation of intelligent enterprise software and intelligent services. To better meet enterprises’ growing demand for intelligence, software and service providers are accelerating product iteration and deeply embedding AI capabilities into core products to create greater value for our clients. As large model technologies mature and are adopted into practical use, AI agent are emerging as a major direction within the enterprise software and service market. AI agent can autonomously complete task-oriented workflows without or with limited human intervention, improving automation and intelligence levels and propelling the market into a new industrial development cycle.
- ***Cloud and Data Services Will Further Integrate with Software and Services, Activating the Value of Enterprise Digital and Intelligent Transformation.*** Cloud services provide advantages in scalability, flexibility, collaboration, security, and data protection, helping enterprises reduce upfront IT infrastructure investments and ongoing maintenance costs. As digital and intelligent transformation progresses, more enterprises are adopting cloud-based advanced technology architectures, making cloud migration the norm across industries. Meanwhile, the integration of data services with cloud platforms enables efficient aggregation, management, and analysis of massive datasets, providing precise business analysis, operations management, and decision support for enterprises. Cloud and data services will be more deeply embedded into applications across various industries, becoming essential components of enterprise digital and intelligent transformation and upgrades.

INDUSTRY OVERVIEW

- ***Domestic Providers are Continuously Increasing Their Market Share in Enterprise Software and Service Market in China.*** Chinese providers have been demonstrating their product advantages, cost-effective advantages, and policy support advantages in upgrading their enterprise software to digital-intelligent new-generation enterprise software. As customers are increasingly focused on reducing the total cost of ownership of enterprise software and services compared with overseas providers, domestic providers’ products and cost-effective performance in deployment, operation and maintenance are increasingly favored by medium and large enterprises. In addition, the steady advancement of the “Information Technology Application Innovation” strategy has further pushed enterprises to prioritize domestic providers in terms of security and self-control. China’s local providers have gained a competitive advantage due to multiple drivers, and their development becomes a key force driving the industry’s continuous development.
- ***Chinese Enterprise Software and Services will Accelerate Overseas.*** After serving domestic clients with complex and diverse digital and intelligent transformation practices, Chinese enterprise software providers have accumulated profound product capabilities and service experience, and have become globally competitive in key areas such as cloud services and AI. Benefiting from these advantages, more leading Chinese enterprise software and service providers are actively expanding into overseas markets, not only providing “going overseas” Chinese enterprises with digital and intelligent solutions that meet their global operational needs, but also gradually winning the recognition of overseas local clients. When facing Chinese enterprises’ overseas clients, Chinese providers have become their digital intelligence partners in the process of globalization by accompanying them in the whole process of service from system construction to business implementation. When facing overseas local clients, Chinese providers are also continuously accelerating the construction of globalization and localization capabilities, actively adapting to the regulatory systems, languages and cultures of different countries and regions, and continuously optimizing the product architecture, deployment mode, service response mechanism and others to create a more locally adaptable product and service system. By deepening local eco-cooperation and channel expansion, these providers are gradually breaking through the limitations of “going overseas to serve only Chinese enterprises,” winning wider market recognition, and continuing to enhance their comprehensive competitiveness in the global enterprise software market.

Competitive Landscape of Enterprise Software and Service Market in China

Our Company is the largest enterprise software and service provider in China in terms of revenue in 2025, with a market share of 3.8%. Our Company also provides the broadest coverage of enterprise application domain globally. The following table sets forth the ranking of enterprise software and service providers in China in 2025.

INDUSTRY OVERVIEW

Ranking	Company	Revenue	Market Share	Number of application domain supported
		(RMB Billion)	(%)	
1	Our Company	8.6	3.8%	10
2	Company A	7.0	3.2%	8
3	Company B	6.9	3.1%	8
4	Company C	2.3	1.0%	6
5	Company D	1.7	0.8%	9

Our Company is also the largest domestic enterprise software company in China in 2025 by overseas revenue.

Ranking	Company	Overseas Revenue
		(RMB Million)
1	Our Company	304
2	Company B	101
3	Company C	13

Source: Desk research, expert interview, annual reports, Frost & Sullivan

Notes:

- (1) Company A is a German public company listed on both Frankfurt Stock Exchange and New York Stock Exchange, which primarily provides enterprise software and service globally.
- (2) Company B is a Chinese public company listed on Hong Kong Stock Exchange, which primarily provides enterprise software and service in China.
- (3) Company C is a Chinese public company listed on Shanghai Stock Exchange, which primarily provides enterprise software and service in China.
- (4) Company D is a U.S. public company listed on New York Stock Exchange, which primarily provides enterprise software and service globally.

Threats and Challenges of Enterprise Software and Service Market in China

- **High Flexibility Needs for Enterprises.** From the demand side, enterprises, especially large-sized enterprises, typically have complex business processes, organizational structures, and industry-specific requirements. Enterprises are seeking greater flexibility from enterprise software and service providers, enabling them to adjust and customize software within a defined scope according to their complex business processes, organizational structures, and industry-specific requirements. Addressing enterprises’ demand for software flexibility has become a key challenge in the China’s market.
- **Fast Technology Iteration.** Rapid advancements in generative AI and large model technologies are continuously reshaping customer expectations and shortening product lifecycles. Customers increasingly demand intelligent, adaptive, and automated solutions that enhance efficiency and decision-making. As a result, enterprise software and service providers in China that fail to integrate AI capabilities, deliver continuous innovation, or align with evolving technology trends risk losing competitiveness and market relevance.

INDUSTRY OVERVIEW

SOURCE OF INFORMATION

We engaged Frost & Sullivan to analyze and prepare an industry report on the markets in which we operate. We have agreed to a total of RMB500,000 in fees and expenses for the preparation and use of the Frost & Sullivan Report. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reliable industry organizations. Where necessary, Frost & Sullivan interviewed companies operating in the industry to gather and synthesize information. Frost & Sullivan believes that the basic assumptions used in preparing the Frost & Sullivan Report are factual, correct and not misleading, and 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. The Directors confirm and the Joint Sponsors concur that, having exercised reasonable care, there have been no adverse changes in market information, taken as a whole since the date of the Frost & Sullivan Report, that would materially limit, contradict or adversely affect these data.