
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], [REDACTED], [REDACTED], any of [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.

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.

INDUSTRY OVERVIEW

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. 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. 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.

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.

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.

INDUSTRY OVERVIEW

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.

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.

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.

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.
- **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

INDUSTRY OVERVIEW

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.
- **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.

Enterprise Grade AI Solutions Market Size, China, 2021–2030E

China’s enterprise grade AI solution market is in a period of rapid development, with the market size growing from RMB19.1 billion in 2021 to RMB69.0 billion in 2025, with a compound annual growth rate of 37.9%, and the market size is expected to expand to RMB474.0 billion by 2030, with a compound annual growth rate of 49.3% from 2026 to 2030. 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.

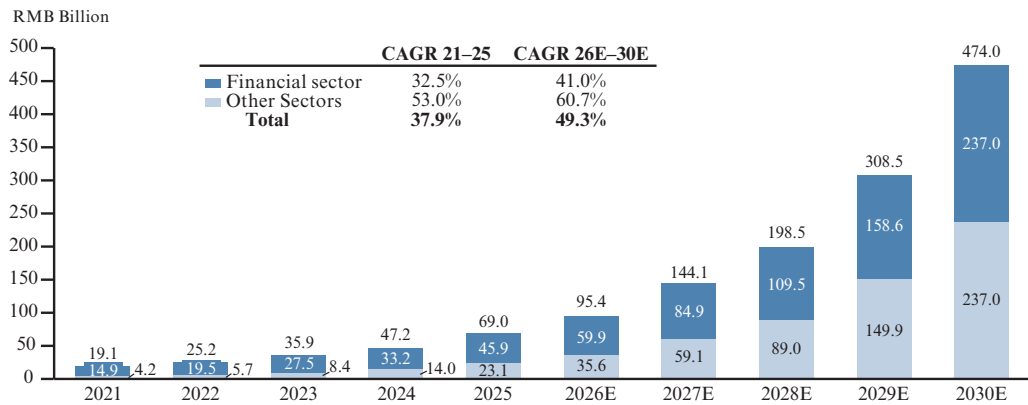
In terms of segmentation, China’s enterprise grade AI solution market in the financial sector continues to grow, with a CAGR of 32.5% from 2021 to 2025, and is expected to increase to 41.0% from 2026 to 2030, with a slowdown in the future, and the market size is expected to reach RMB237.0 billion by 2030.

INDUSTRY OVERVIEW

A serviceable addressable market (SAM) represents a market segment that a particular product or service can actually reach or serve. The core logic for calculating the size of SAM (Serviceable Addressable Market) is: $SAM = \text{Number of projects at headquarters} \times \text{Unit price of projects at headquarters} + \text{Number of projects at branches} \times \text{Unit price of projects at branches}$. Specifically, it splits the project quantity and corresponding unit price by enterprise level, and summarizes the result through the multiplication of quantity and price.

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 approximately RMB10.0 billion in 2025, and is expected to maintain a high-growth momentum in the future, with continuous improvement in market penetration and commercialization implementation efficiency.

Enterprise Grade AI Solutions Market Size, China, by Revenue, 2021–2030E



Source: Frost & Sullivan, IMF, public filings

Threats and challenges for the enterprise-grade AI solution market

Lack of Data Accumulation. During long-term operations, enterprises continuously generate massive, multi-source, and heterogeneous business data. Coupled with the complex business rules and risk control logic in financial sub-sectors such as insurance and banking, data governance and knowledge accumulation have become core challenges for the implementation of enterprise-grade AI solutions. Without profound industry know-how, enterprise-grade AI solutions will struggle to accurately understand the real business needs of scenarios, leading to blind spots such as weak generalization ability and insufficient decision-making accuracy in the application of industry-specific large models, and failing to meet customers’ personalized demands.

Strict Regulatory Compliance Requirements. Sectors such as finance, government affairs, and healthcare involve core interests including fund security and user privacy, with increasingly stringent regulatory standards, making compliance qualifications a rigid threshold for enterprise-grade AI solutions. Failure to meet cross-regional and cross-scenario compliance requirements will expose enterprise-grade AI solutions to cumbersome compliance reviews, restricted business expansion, and significant risks, making it difficult to enter high-value core markets.

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

INDUSTRY OVERVIEW

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.

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.
- **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 Market Size, China, 2024–2030E

China’s enterprise-grade AI Agent market has been growing rapidly. In 2025, the market size of China’s enterprise-grade AI Agents reached RMB14.5 billion, and it is expected to experience explosive growth, reaching RMB251.7 billion by 2030, with a compound annual growth rate (CAGR) of 77.0% from 2025–2030. The penetration rate of enterprise-grade AI Agents in the enterprise-grade AI solution market reached 21.0% in 2025 and is projected to grow to 53.1% by 2030. 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.

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

INDUSTRY OVERVIEW

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. There are nearly 1,000 players in the overall enterprise-grade AI solutions market.

Ranking of enterprise-grade AI service providers in China

The company ranks among the top 20 enterprise-grade AI service providers in China, with a market share of 0.7%.

China’s enterprise-grade AI service providers, by revenue, 2025

Ranking	Company	Revenue (RMB100 Million)
1	Company B	114.8
2	Company E	88.2
3	Company D	77.0

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 2025, the Company ranked fourth in the market with revenue of RMB0.48 billion.

China’s enterprise-grade AI service providers equipped with vertical large model capabilities, by revenue, 2025

Ranking	Company	Revenue (RMB100 million)
1	Company A	14.1
2	Company B	11.9
3	Company C	7.8
4	The Company	4.8
5	Company D	4.2

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.
- 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.

INDUSTRY OVERVIEW

- 5) Company E was established in March 2012 in Beijing, China and is an unlisted company. The company is a global technology and artificial intelligence service provider, offering information distribution, short video, social entertainment, enterprise collaboration, cloud services, and e-commerce solutions, as well as providing digital content, intelligent operation, and digital transformation services for individuals, businesses, and organizations worldwide.

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.