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## INDUSTRY OVERVIEW

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The information contained in this section have been derived from various official government and other publications generally believed to be reliable and the market research report prepared by Frost & Sullivan which we commissioned.

We believe that the sources of such information are appropriate sources and have taken reasonable care in extracting and reproducing such information. The information from government official sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of our or their respective directors, agents, employees or advisers, or any other person or party involved in the [REDACTED] and no representation is given as to its accuracy.

### SOURCE AND RELIABILITY OF INFORMATION

We commissioned Frost & Sullivan, a market research and consulting company and an independent third party, to conduct an analysis of, and to report on the education IT solutions market and government IT solutions market in the PRC and Guangxi, for the period from 2017 to 2027. The F&S Report has been prepared by Frost & Sullivan independent of our influence. The fee payable to Frost & Sullivan for preparing the F&S Report is HK\$863,000, which we believe reflects the market rate for similar services. Founded in 1961, Frost & Sullivan has over 40 global offices with more than 3,000 industry consultants, market research analysts, technology analysts and economists. It offers technology research, independent market research, economic research, corporate best practices advising, training, customer research, competitive intelligence and corporate strategy. Our Directors confirm that after taking reasonable care, there is no material adverse change in the market information since the date of the relevant data contained in the F&S Report which may qualify, contradict or have an impact on the information in this section.

### RESEARCH METHODOLOGY

The methodology used by Frost & Sullivan in gathering the relevant market data in compiling the F&S Report included primary interviews and secondary research. Primary interviews are conducted with relevant institutions to obtain objective and factual data and prospective predictions. Secondary research involves information integration of data and publication from publicly available resources, including official data and announcements from PRC governmental departments, and market research on industry and enterprise player information issued by our chief competitors.

#### Basis and Assumptions

The F&S Report was compiled based on the following assumptions: (i) the economy in the PRC and Guangxi are likely to maintain steady growth in the next decade; (ii) the social, economic, and political environment in the PRC and Guangxi are likely to remain stable in the forecast period; (iii) market drivers such as strong policy support, increasing public expenditure on education, and public administration increasing demand from education industry and rapid technology development and iteration are likely to drive the growth of the education IT solutions market and government IT solutions; and (iv) the COVID-19 pandemics will be under effective control in the PRC along with government's strict quarantine and prevention measures and do not affect the long-term economy development of the PRC.

### OVERVIEW OF EDUCATION INDUSTRY IN GUANGXI

The nominal GDP in Guangxi was RMB2,630.0 billion in 2022, which was 2.2% of the nominal GDP in the PRC. Over the past five years, the nominal GDP in Guangxi has grown at a CAGR of 8.1%. Going forward, the nominal GDP in Guangxi is expected to reach RMB3,839.0 billion in 2027, representing a CAGR of 7.9% between 2022 and 2027. Guangxi's population has

## INDUSTRY OVERVIEW

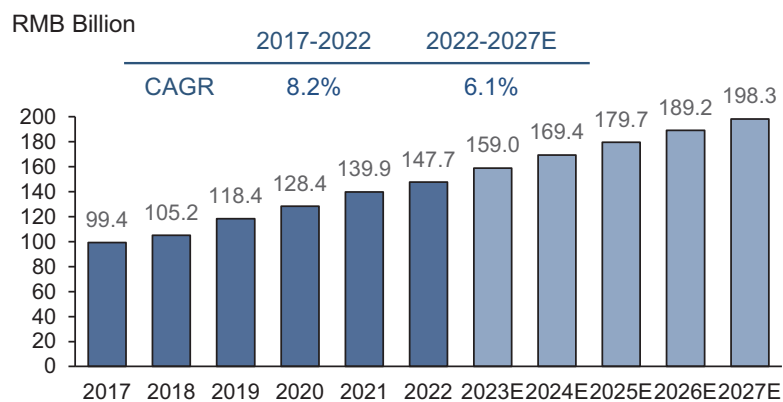
also grown at a stable rate over the past years. In 2022, the total population of Guangxi was 50.5 million and 55.6% thereof was urban population. Along with the growing macro economy and accelerating process, the urbanisation rate in Guangxi is also expected to continue rising from 2022 to 2027, reaching 63.7% in 2027.

### Total Public Expenditure on Education in Guangxi

Total public expenditure on education refers to the aggregating total public expenditure allocated to schools and education institutions by the PRC Government. Total public expenditure on education is used for educational expenses, construction expenses, scientific research expenses and others. Total public expenditure on education in Guangxi has maintained a steady growth rate from 2017 to 2022 at a CAGR of 8.2%, respectively. In the foreseeable future, total public expenditure on education is expected to grow steadily, at a CAGR of 6.1%, respectively between 2022 and 2027.

The total public expenditure on education is the major fund source for education IT solutions market, which contributed approximately 84% of the total market size of education IT solutions market in 2022. Hence, the continuously growing total public expenditure on education is expected to further drive the development of education IT solutions market.

### Total Public Expenditure on Education, Guangxi, 2017-2027E



Source: Ministry of Education, Frost & Sullivan Analysis

## OVERVIEW OF EDUCATION IT SOLUTIONS MARKET IN GUANGXI

### Introduction and Classification of Education IT Solutions Market

IT solution is a set of IT products and/or services that are sold as a single package to customers. Education IT solutions, also known as educational informatisation (教育信息化), refers to the application of modern information technologies to provide hardware equipment, software tools, integrated IT solutions services, teaching contents and other IT services to schools and education institutions inside the education system. Education IT solutions can effectively improve the operating efficiency and service quality of schools and educational institutions, which in turn promotes the construction of informational service system in the education industry in the PRC. Representative education IT solutions include intelligent interactive panel, cloud platform, smart campus, administrative management system, etc.

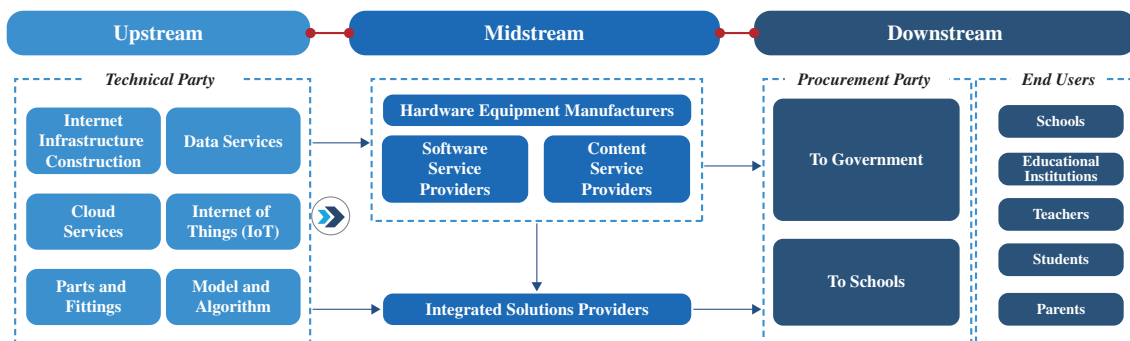
In terms of service types, education IT solutions generally can be divided into four categories, including sales of hardware equipment, provision of software services, provision of integrated IT solutions services and provision of content service, details of which are set forth below:

## INDUSTRY OVERVIEW

<b>Sales of hardware equipment</b>	Sales of hardware equipment generally refers to the provision of essential equipment support for the construction of education IT solutions.
<b>Provision of software services</b>	Provision of software services generally refers to the provision of software support for various educational activities at schools, including school administration, teaching management, etc.
<b>Provision of integrated IT solutions services</b>	Provision of integrated IT solutions services generally refers to the integration of hardware, software and communication technologies to provide comprehensive solutions services to schools and education institutions.
<b>Provision of content services</b>	Provision of content services generally refers to the provision of informatisation of teaching contents and teaching tools to students and teachers at school.

### Industry Value Chain of Education IT Solutions Market

The following chart illustrates the value chain of education IT solutions market in the PRC:



Source: Frost & Sullivan Analysis

The upstream of the education IT solutions market mainly consists of various technical supports such as Internet infrastructure construction, cloud services, as well as essential technologies applied in the education IT solutions services. Generally, the upstream of the industry value chain provides the fundamental technical support for midstream education IT solutions services providers. The midstream education IT solutions services providers generally include hardware equipment manufacturers, software services providers, integrated IT solutions providers and other content services providers.

As public expenditure on education is the major funding source of education IT solutions, local education bureau is the largest procurement party of education IT solutions projects. In addition, while public schools provide bid opportunities of education IT solution projects, private schools, who usually have more self-owned funds than public schools, also offer bid opportunities of education IT solutions projects.

### Market Size of Education IT Solutions Market in Guangxi

Education IT solutions market in the PRC is a strong policy-driven market. In 2012, the MOE issued the “Ten-year Development Plan for Education IT Solutions (2011-2020)” (《教育信息化十年發展規劃(2011-2020年)》) and set the promotion of education IT solutions as a national strategy. Following the policy, the MOE released the “Action Plan 2.0 of Education IT Solutions” (《教育信息化2.0行動計劃》) in 2018 to further strengthen the development of the education IT solutions market in the PRC.

Education IT solutions market in Guangxi is also driven by the strong policy support. The Education Department and the People’s Government of Guangxi each issued “Development Plan for Education IT Solution in Guangxi (2017-2020)” (《廣西教育信息化發展規劃 (2017-2020年) 》) and

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## INDUSTRY OVERVIEW

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“Three-year Action Plan for the Promotion of Guangxi Education (2018-2020)” (《廣西教育提升三年行動計劃 (2018-2020年) 》) in 2017 and 2018, respectively. Furthermore, the Education Department of Guangxi issued “Action Plan of “Internet + Education” in Guangxi (2018-2022)” (《廣西“互聯網+教育”行動計劃 (2018-2022年) 》) in 2019, which entailed ten major action plans including 1) Implement the strong action for the construction of informatisation teaching environment in elementary and middle schools (實施中小學信息化教學環境建設攻堅行動); 2) Implement the action of improving the basic network of education (實施教育基礎網絡提升行動); 3) Implement the action of popularising the digital education resources service (實施數字教育資源服務普及行動); 4) Implement the action of developing the network support intelligence and balance (實施網絡扶持智助力均衡發展行動); 5) Implement the action of covering the online learning space (實施網絡學習空間覆蓋行動); 6) Implement the action of normalising the construction of digital campus (實施數字校園規範建設行動); 7) Implement the action of executing “Ten districts, hundred schools and thousand classes” (實施十區百校千課引領行動); 8) Implement the action of improving education governance capability (實施教育治理能力提升行動); 9) Implement the action of improving comprehensive information literacy (實施信息素養全面提升行動); 10) Implement the action of improving the cybersecurity assurance (實施網絡安全保障提升行動), associated with education IT solutions. The total revenue of education IT solutions market in Guangxi increased from RMB9.4 billion in 2017 to RMB14.7 billion in 2022, representing a CAGR of 9.4%. Guangxi’s education IT solution market occupied nearly 3% of the total size of education IT solution market in the PRC in terms of revenue in 2022.

Due to the outbreak of COVID-19, schools from kindergartens to higher education institutions across the PRC had postponed the start date of the spring semester in 2020. The temporary suspension of school work also adversely affected the education IT solutions market due to delayed projects and deferred expenditure from government. In such case, the growth rate from 2019 to 2020 was lower than those from previous years, but still displayed a growing trend.

Given the huge number of education institutions and students, there are still great development potentials for the education IT solutions market. The expected strong growth of the education IT solutions market in Guangxi will be mainly driven by the rising public expenditure on education and strong policy support. Some of the more recently implemented or published supportive government policies are summarised below:

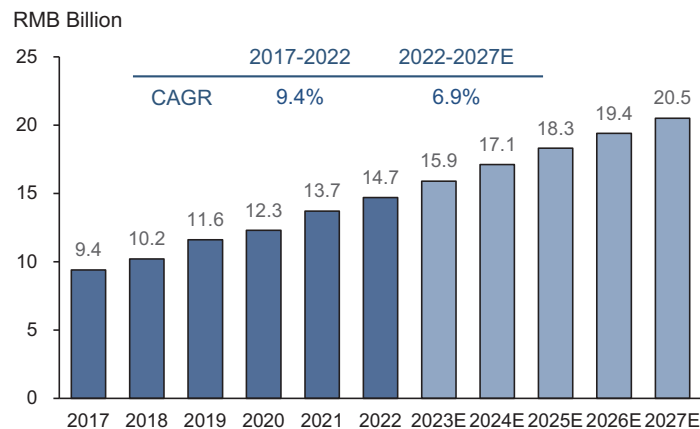
- according to the “Major Tasks for Basic Education in 2022” (《教育部2022年工作要點》) issued by the MOE in 2022, the PRC government is implementing the strategic direction of digital education and promoting the development of “Internet + Education” in order to improve the informatisation of the education IT solutions market;
- the National Development and Reform Commission is currently mobilising local governments to implement mid-to-long term loan financing programs for 16 major areas, including technical upgrades in the education IT solutions market. In this relation, low-rate loans with a total amount of RMB1.5 trillion will be available for high schools, vocational schools and other educational facilities to procure new IT devices and improve their IT development programs. Commercial banks are also encouraged to expand their mid-to-long term loan programs and provide the sufficient amount of financing for those construction projects and for equipment upgrading;
- since 2021, the Guangxi government has promulgated several favourable policies to promote the development of the education IT solutions market. First of all, according to “The 14th Five Year Plan for the Development of Education in Guangxi” (《廣西教育事業發展十四五規劃》) issued by the People’s Government of Guangxi in 2021, the Guangxi government plans to build 30 experimental zones and 100 experimental schools for the integration of information technology and innovation in education. This encourages the strengthening of new educational infrastructure and considers the construction of education information technology as an important part of the new infrastructure. The plan promotes increasing investments in educational infrastructure and full utilisation of information technology to improve the professionalism and scientific characteristics of education;

## INDUSTRY OVERVIEW

- according to “The Development Plan for Guangxi on the ‘Digital Silk Road’ for ASEAN (2021–2025)” (《廣西面向東盟的‘數字絲綢之路’發展規劃(2021–2025)》) issued by the People’s Government of Guangxi in 2021, the Guangxi government cooperates with the Association of Southeast Asian Nations (ASEAN) to work on various projects relating to education IT solutions during their strategic cooperation. Throughout such strategic cooperation process, some companies received around RMB1.5 billion for proposed investment in several areas, including the education IT solutions market, which would significantly drive the market to consistently grow; and
- in 2022, the Department of Education in Guangxi has also announced the “Notice of the Education Department of the Autonomous Region on the organisation of the second batch of Guangxi basic education information integration and innovation experimental areas and the establishment of experimental schools” (《自治區教育廳關於組織開展第二批廣西基礎教育信息化融合創新試驗區和實驗校創建工作的通知》), which clearly states the Guangxi government’s intention to improve the integration of information technology and education to develop the education IT solutions market.

With the government support and increasing public expenditure on IT education, the total revenue of education IT solutions market in Guangxi is expected to sustain growing in the next five years and reach RMB20.5 billion by 2027, representing a CAGR of 6.9% between 2022 and 2027.

### Total Revenue of Education IT Solutions Market, Guangxi, 2017-2027E



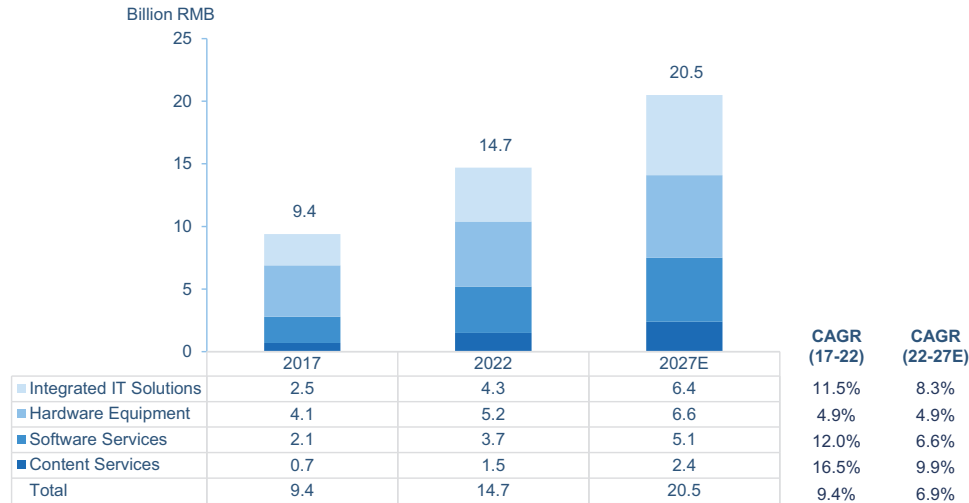
Source: Department of Education of Guangxi, Frost & Sullivan Analysis

Sales of hardware equipment is the largest market segment in education IT solutions market in Guangxi. In 2022, the revenue from sales of hardware equipment accounted for 35.4% of the total revenue of education IT solutions market in Guangxi. The market size of integrated IT solutions services in education IT solutions market in Guangxi increased from RMB2.5 billion in 2017 to RMB4.3 billion in 2022, representing a CAGR of 11.5%.

With the strong demand from education industry and strong policy support in education IT solutions market, the market size of integrated IT solutions services in education IT solutions market of Guangxi is expected to reach RMB6.4 billion in 2027, representing a CAGR of 8.3% between 2022 and 2027.

## INDUSTRY OVERVIEW

### Revenue Breakdown of Education IT Solutions Market in Terms of Business Types, Guangxi, 2017-2027E



Source: Department of Education of Guangxi, Frost & Sullivan Analysis

### RECENT DEVELOPMENT TREND OF EDUCATION IT SOLUTIONS MARKET IN GUANGXI

#### Introduction to Smart Campus

Smart campus is the further upgrade of digital campus. Digital campus, which uses digital system or tools to improve the efficiency of teaching and management in schools, provided basic infrastructure for smart campus. Smart campus, which further upgrades the development of digital campus through intelligent technologies such as IoT technologies, effectively connects the physical space and information resources by fully integrating teaching, researching and management into a single application service system, with an aim to the overall effectiveness of teaching and learning. Previously, the development of smart campus mainly focused on the construction of hardware infrastructure. The construction of data management, software platforms, and application systems is mostly scattered and unsystematic. It is usually difficult to achieve an integrated model in lack of systematic and long-term planning and designing for the smart campus development. Recently, with the clear goals of smart campus development and the assistance from education IT solutions services providers who are able to design and construct smart campus to assist, governments and education institutions start to achieve the systematic development of smart campus. Going forward, the development of smart campus is expected to continuously utilise advanced technologies, such as AI, big data, digital twins to open up and connect different operating sectors of campus in a single platform, realising the integration and utilisation of data from multiple sources.

In recent years, the MOE consecutively issue “Action Plan for Education IT Solutions 2.0” (《教育信息化2.0行動計劃》), “Smart Campus Overall Framework” (《智慧校園總體框架》), “China Education Modernisation 2035” (《中國教育現代化2035》) to advocate to utilise new emerging technologies to promote the reform and upgrade in the education industry.

#### Market Drivers of Education IT Solutions Market in Guangxi

**Strong policy support:** The promotion of education IT solutions has been set as one of the key tasks in the development of education industry. Over the past decade, supportive policies on education IT solutions market have been intensively introduced by the PRC Government. Since the issuance of “Ten-Year Development Plan for Education IT Solution (2011-2020)” (《教育信息化十

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## INDUSTRY OVERVIEW

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年發展規劃(2011-2020年)》), in 2012, China’s education IT solutions market has entered the first rapid development stage. Following the development plan, the MOE then issued several guidance and policies to further promote the market development, including the “13th FYP for Education IT Solution” (《教育信息化“十三五”規劃》) and the “Notice on Further Strengthening the Informatisation of Educational Management” (《關於進一步加強教育管理信息化的通知》), etc. In recent years, the MOE issued the “Action Plan 2.0 of Education IT Solutions” (《教育信息化2.0行動計劃》) to designate new development goals for education IT solutions market in the following years.

Local governments also issued supportive polices on the development of education IT solutions market. In Guangxi, the Education Department of Guangxi has issued the “Three-Year Action Plan for the Promotion of Guangxi Education (2018-2020)” (《廣西教育提升三年行動計劃(2018-2020年)》) and “Development Plan for Education IT Solutions in Guangxi (2017-2020)” (《廣西教育信息化發展規劃(2017-2020年)》) to vigorously promote education IT solutions in the education industry. These favourable polices are expected to further drive the demand for education IT solutions services and fuel up the development of education IT solutions market.

**Increasing public expenditure on education:** As public expenditure is the major fund source for the education IT solutions market, the increasing public expenditure on education is a key driver for the market. The total public expenditure on education in Guangxi also stably grew from RMB99.4 billion in 2017 to RMB147.7 billion in 2022. According to the “Ten-Year Development Plan for Education IT Solutions (2011-2020)” (《教育信息化十年發展規劃2011-2020》) issued by the MOE, governments at different levels should spend for education IT solutions at a rate of not less than 8% to ensure the steady and stable public expenditure on education. Under the strong policy support, the public expenditure on education is expected to further increase, and therefore drive the development of education IT solutions market.

**Strong demand from education industry:** Due to the large population number and education demand in China, there are a huge number of schools and student enrolments in the PRC. According to the data from the MOE, there were approximately 0.52 million schools and 293 million students enrolled in 2022. The large number of schools and student enrolments have created strong demand for education IT solutions products and services. As governments are advocating for the construction of education IT solutions in the education system, education departments and schools are expected to generate demand for education IT solutions services. In such case, the strong demand from education industry will strongly promote the growth of education IT solutions market.

**Rapid technological development and iteration:** The rapid technological development and iteration have deeply influenced the education industry. Advanced technologies such as big data analytics, cloud service, AI, IoT and VR/AR have provided diversified education IT solutions, which can update the teaching and management models to improve the teaching environment and management efficiency of schools and education institutions. For instance, face recognition application utilising face recognition, big data, IoT and other information technologies can provide security services and relevant campus management service to schools. The rapid technology development and iteration of information technologies will continue to promote the innovation in education industry by providing diverse IT solutions, which in turn drives the growth of education IT solutions market.

### Opportunities to the Education IT Solutions Market in Guangxi

- **The outbreak of COVID-19 spawns demand for more education IT solutions:** In early 2020, the outbreak of COVID-19 caused the massive suspension of school operation. In February 2020, the MOE issued the “Notice on Supporting Education and Teaching with IT during the period of Epidemic Prevention and Control” (《關於疫情防控期間以信息化支援教育教學工

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## INDUSTRY OVERVIEW

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作的通知》) to utilise IT solutions to support online teaching and management works during the period of epidemic prevention and control. Multiple regular works of schools have transferred from offline to online, including online remote teaching, online campus management, human resource management, etc. The influence of COVID-19 on schools is expected to create strong demand for education IT solutions services.

- **Technology improvement generates more development opportunities:** Advanced technologies such as cloud computing, big data analytics and AI are strongly supported by government policies such as “Action Plan for Promoting the Development of Big Data” (《促進大數據發展行動綱要》) and “13th Five-Year National Information Plans” (《十三五國家信息化規劃》). The technology improvement will further improve the ability of acquiring and analysing data, which in turn generates more businesses and raises the product quality and service efficiency in the education IT solutions market.
- **Self R&D Capability:** IT solutions services providers with own research and development capability can provide services that can better satisfy the distinctive needs of their customers and help them to achieve greater efficiency in terms of budget and resource allocation, and thus shall have a competitive edge over the other market players.

### Challenges of the Education IT Solutions Market in Guangxi

- **Data security:** Along with the promotion of education IT solutions in schools and education institutions, data security has always been a big challenge for education IT solutions services providers. Once the information is leaked or illegally used by others, there will be huge risks to education institutions. Moreover, education IT solutions services such as big data application system and face recognition software normally store large amount of personal information of students. The leakage of data could potentially threaten the privacy information of students, which will bring technical challenges for the education IT solutions services providers.
- **Increasing labour costs:** As a knowledge-intensive industry, education IT solutions market has a strong demand for IT talents. With the rapid technology development and iteration, education IT solutions providers are increasingly demanding for high-end talents who possess capability relating to new emerging technologies. On the other hand, labour cost in education IT solutions market accounts for a large amount of overall expenditure, and it has continuously increased in recent years. The increasing labour costs generally raise the operating pressure and may have imposed a challenge for education IT solutions services providers.
- **Management of cash flow and working capital:** Education IT solutions services providers need to have sufficient capital for its operation. They require a large initial capital investment in research and development as well as in the improvements and upgrades of existing products and services. IT solutions services providers are also usually required to pay a substantial amount of cash upfront throughout the execution of projects, such as for the procurement of hardware, equipment and software, service costs for IT and supporting services and staff costs, whereas customers generally make payments upon project completion. Cash flow management and source of funding thus serves as a common constraint for companies with limited financial capability. As the capital requirement and upfront cost will increase along with the number and scale of projects undertaken by education IT solutions services providers, a sufficient financial reserve is essential.



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## INDUSTRY OVERVIEW

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### Entry Barriers to Education IT Solutions Market in Guangxi

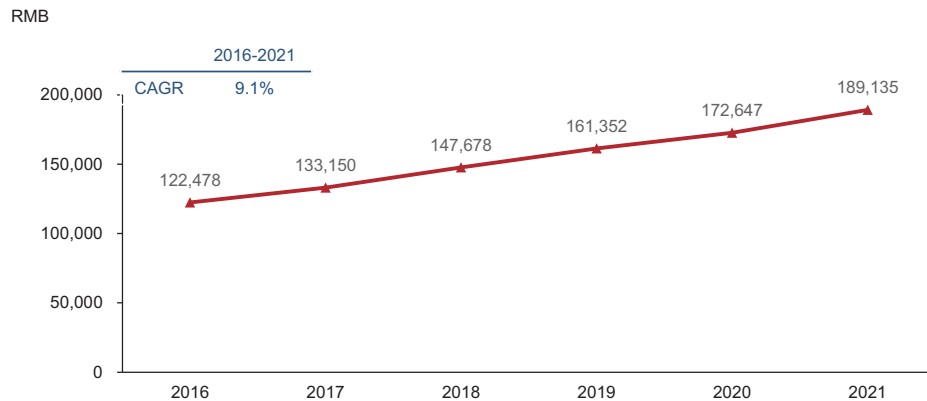
- **Industry experience and track records:** As the projects of education IT solutions are usually complex and involve multiple IT segments, education institutions are increasingly willing to select experienced service providers with successful track records. Such companies have accumulated rich experience and deep know-how in education IT solutions. In addition, schools usually select education IT solutions services providers through bidding model, generally evaluating the product performance, successful past cases, technologies, goodwill and other benchmarks to filter quality suppliers. It is difficult for new entrants in lack of industry experience to compete with experienced service providers.
- **Technical strength:** As a knowledge-intensive industry, education IT solutions market usually requires players to equip with strong technical strength. With the rapid technology development and upgrade, market participants are not only proficient in system design, data modelling and other software engineering technologies, but also able to quickly adopt to new emerging technologies and applications such as big data, AI, clouding computing, etc. In addition, for integrated IT solutions services providers, the capability of providing customised education IT solutions services are key success factors in the market. Hence, strong technical strength requirement has created a high entry barrier for new entrants.
- **Sales channel:** Through years of operation, existing education IT solutions services providers generally have already established a well-known brand name in the operating regions and solid relationship with education institutions. New entrants cannot establish a good brand image and good relationships with local institutions in a short time.
- **Solid relationship with suppliers:** The integrated IT solutions services providers have established solid business relationship with suppliers of hardware equipment and software services. These suppliers tend to cooperate with integrated IT solutions services providers with solid business relationship, rich industry experience and considerable number of projects. New entrants cannot directly source the products or services from large suppliers in short time.

### COST ANALYSIS OF EDUCATION IT SOLUTIONS MARKET IN THE PRC

Procurement of hardware equipment and software accounts for the largest proportion of total costs in education IT solutions market. As hardware equipment and software vary in product types and service models, there is no standardised price statistics for the procurement costs. Labour cost is one of the main component of education IT solutions services providers' costs. Along with the growing macro economy, the average annual wage of employed persons in information transmission, computer service and software has increased from RMB122,478 in 2016 to RMB189,135 in 2021 of a CAGR of 9.1%.

## INDUSTRY OVERVIEW

### Average Annual Wage of Employed Persons in Information Transmission, Computer Service and Software, the PRC, 2016-2021



*Note: Actual data for 2022 is not available yet*  
*Source: National Bureau of Statistics, Frost & Sullivan Analysis*

Education IT solutions services providers also procure equipment from other suppliers. As the equipment are usually diversified and non-standardised, there is no industry average price for the procurement price of such equipment.

### COMPETITIVE LANDSCAPE OF EDUCATION IT SOLUTIONS MARKET IN GUANGXI

#### Education IT Solutions Market in Guangxi

Education IT solutions market in Guangxi is highly fragmented with approximately 1,000 players in 2022. In 2022, the total revenue generated from education IT solutions services by the top five players was RMB567.6 million, accounting for a total market share of 3.9%.

#### Integrated IT Solutions Services in Education IT Solutions Market in Guangxi

The market of integrated IT solutions services in education IT solutions market in Guangxi is fragmented but relatively more concentrated than that of China. There were less than 500 in Guangxi in 2022, most of which are local companies. In 2022, the total revenue generated from integrated IT solutions services by the top five integrated IT solutions services providers was RMB399.2 million, accounting for a total market share of 9.3%.

### OVERVIEW OF GOVERNMENT IT SOLUTIONS MARKET IN GUANGXI

#### Introduction of Government IT Solutions Market

Government IT solutions refer to the application of modern information technologies to raise the government efficiency and service quality in operation, supervision, services and decision-making process. Government IT solutions services basically integrate various functional departments and various exiting resources through detection, analysis, and intelligent response to improve the efficiency of government operation and management, creating a convenient and efficient government platform for enterprises and the public.

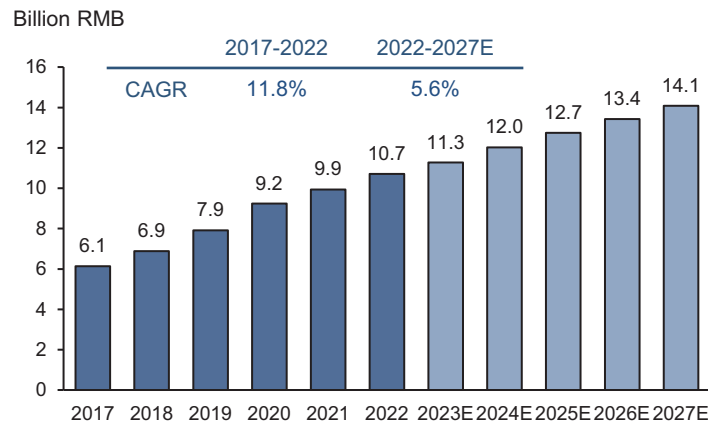
#### Market Size of Government IT Solutions Market in Guangxi

As governments are increasingly focusing on the applications of IT solutions in government affairs, government IT solutions market in the PRC has witnessed a stable growth pace over the past years. Going forward, the PRC Government is expected to continue promoting digitalisation of government governance, the government IT solutions market is expected to steadily grow in the foreseeable future.

## INDUSTRY OVERVIEW

The government IT solutions market in Guangxi increased from RMB6.1 billion in 2017 to RMB10.7 billion in 2022, representing a CAGR of 11.8%. Guangxi’s government IT solution market occupied nearly 2.5% of the total size of government IT solution market in the PRC in terms of revenue in 2022. The growth was mainly driven by supporting government policy issued in 2018. Guangxi’s People Government issued “Three-year Action Plan to Promote the Construction of Digital Government” (《推進數字政府建設三年行動計劃》). Under the government support, the market size rapidly grew between 2017 and 2022. Going forward, the market size is expected to reach RMB14.1 billion, representing a CAGR of 5.6% between 2022 and 2027.

### Market Size of Government IT Solutions Market, Guangxi, 2017-2027E



Source: National Bureau of Statistics, Frost & Sullivan Analysis

### Market Drivers of Government IT Solutions Market in Guangxi

**Favourable government policy:** The PRC Government has issued a series of favourable policies and regulations to support the development of government IT solutions market. Representative policies include “Guiding Opinions on Accelerating the Construction of a National Integrated Online Government Service Platform” (《加快推進全國一體化線上政務服務平台建設的指導意見》) in 2018 and “Action Plan for Promoting the Development of Big Data” (《促進大資料發展行動綱要》) in 2018, which both set plans for the development of government IT solutions market. Guangxi’s People Government issued “Three-year Action Plan to Promote the Construction of Digital Government” (《推進數字政府建設三年行動計劃》), which instructed the government to accelerate the development of E-government data centre, etc. The favourable government policies have been the major market driver for the development of government IT solutions market in the PRC.

**Accelerating urbanisation process:** Along with the growing macro economy and accelerating process, the urbanisation rate in Guangxi is also expected to continue rising from 2022 to 2027, reaching 63.7% in 2027. The accelerating urbanisation process has brought prominent problems with the increasing number of population in urban area. The growing influx population, has generated higher requirement for operating efficiency of governments. Under this circumstance, the demand government IT solutions services has raised and drove the growth of government IT solutions market in the PRC.

## INDUSTRY OVERVIEW

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***Rapid technological development:*** The rapid technological development has been one of the key drivers for the development of government IT solutions market in the PRC. The emerging and evolving information technologies have provided multiple solutions for the construction of smart government, in which the government uses a set of new information technology, such as internet, cloud computing and big data, to improve the capability of government office and regulations, and there is an increasing number of subsectors adopting information technologies to improve the operating efficiency of the industries.

### COMPETITIVE LANDSCAPE OF GOVERNMENT IT SOLUTIONS MARKET IN GUANGXI

Government IT solutions market is a subset of the overall IT solutions market and it accounted for 9.9% of the overall IT solutions market in the PRC in terms of revenue in 2022. The government IT solutions markets in Guangxi are relatively fragmented. There were around 300 players in the government IT solutions markets of Guangxi respectively. Leading companies are large-scale technical companies and Internet companies in the government IT solutions market.