

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 China Insights Consultancy Limited (‘CIC’). We engaged CIC to prepare an independent industry report in connection with the [REDACTED] (the ‘CIC Report’). The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], any of their respective directors, supervisors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

OVERVIEW OF AI STORAGE IN CHINA

Overview of AI Infrastructure

With the advent of a new wave of AI development, LLM training and reasoning require the processing of vast volumes of data and highly intensive concurrent computing, giving rise to increasingly complex and data-intensive AI workloads.

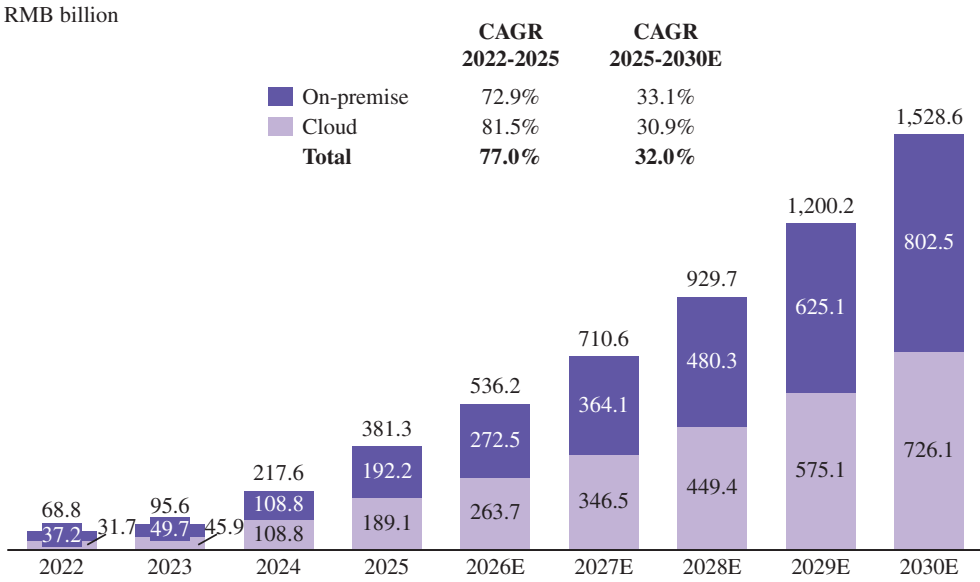
AI workloads refer to the computational and data-intensive tasks involved in AI development and application, including data ingestion and preprocessing, model training, model inference, and reasoning, which are characterized by requirements for massive data throughput, high concurrency, low latency, and intensive computing power.

AI infrastructure refers to the underlying resources deployed to support such AI workloads, primarily computing, storage and networking resources. Based on deployment models, AI infrastructure can be broadly categorized into cloud deployment and on-premise deployment. AI infrastructure deployed on the cloud is operated by third-party cloud service providers, under which users rent computing, storage, and networking resources on an as-needed basis. AI infrastructure with on-premise deployment, by contrast, is installed on enterprises’ proprietary or controlled platforms, allowing organizations to maintain full control over infrastructure resources. This model enhances data sovereignty and improves overall system controllability.

According to CIC, the market size of China’s AI infrastructure reached RMB381.3 billion in 2025, accounting for approximately 15% of the global AI infrastructure market. It is expected to expand to RMB1,528.6 billion by 2030, representing a CAGR of 32.0%, at which point China’s share of the global market is projected to rise to approximately 25%. In particular, the market size of on-premise AI infrastructure is expected to grow from RMB192.2 billion in 2025 to RMB802.5 billion in 2030, representing a CAGR of 33.1%.

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Market size of China’s AI infrastructure, by deployment type, 2022-2030E



Source: IDC, Interviews with industry experts, CIC

Note: Historical data is presented from 2022 onward, as substantive commercial deployment of AI infrastructure and AI storage in China accelerated with the global rise of large language models around 2022, rendering data from this period more relevant and representative.

Overview of data storage

Enterprise customers typically choose different types of storage based on their budget, performance requirements and stage of business development. The table below shows the comparison of different storage types.

Comparison of non-AI storage and AI storage

Storage types	Share, 2025	Product feature	Typical pricing	Target customers
Non-AI storage .	78%	Focused on reliability and stability, and relatively stable I/O patterns	Ranging from several hundred to approximately RMB2,000 per TB for on-premise storage, and several hundred RMB per TB per year for cloud storage	General enterprise IT workloads
AI storage	22%	Consisting of cloud and on-premise storage (see below)		

Comparison of cloud and on-premise storage within AI storage

Storage types	Share, 2025	Product feature	Typical pricing	Target customers
AI – Cloud storage	~55%	Optimized for AI workloads; ready-to-use with elastic scalability	Ranging from several hundred to over RMB1,000 per TB per year	Large-scale data processing and compute-intensive AI workloads
AI – On-premise storage	~45%	Consisting of centralized and distributed storage (see below)		

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Comparison of centralized and distributed storage within AI on-premise storage

Storage types	Share, 2025	Product feature	Typical pricing	Target customers
AI – On-premise – Centralized storage	~30%	Optimized for AI workloads, but unable to scale flexibly	Ranging from RMB1,000 to RMB3,000 per TB	Small and medium-sized AI laboratories; single- machine inference tasks
AI – On-premise – Distributed storage	~70%	Optimized for AI workloads, able to scale across multiple nodes to adapt to various tasks	Ranging from RMB1,000 to RMB3,000 per TB	Large-scale AI training, multi-cluster inference, enterprise-grade AI platforms

The China data storage market exhibits a layered and relatively fragmented competitive landscape. The top three market players held approximately 30%, 10%, and 10% of the market share in terms of revenue respectively, while the players ranked 4th to 7th each held market shares ranging from approximately 3% to approximately 7%. The remaining share is dispersed across numerous smaller participants with each single player holding less than 2% of the market.

Overview of AI Storage

AI workflows typically encompass data collection and cleansing, model training, and reasoning and application. With rapid growth in data volumes, high-performance and secure storage systems have become a core component of AI infrastructure.

Compared with traditional non-AI storage, which primarily supports general IT workloads with relatively stable and predictable I/O patterns, AI storage is more closely integrated with the end-to-end AI workflow and is required to support continuous data movement across data preparation, training, inference and application stages. As a result, the role of storage in AI infrastructure has evolved from basic capacity management to a performance-enabling data foundation. In particular, AI workloads involve high-concurrency, multi-node data access with strict latency requirements. As a result, the large-scale deployment of AI applications necessitates corresponding evolution in storage systems, shifting demand from basic capacity management toward intelligent data foundations and elevating the strategic importance of AI storage.

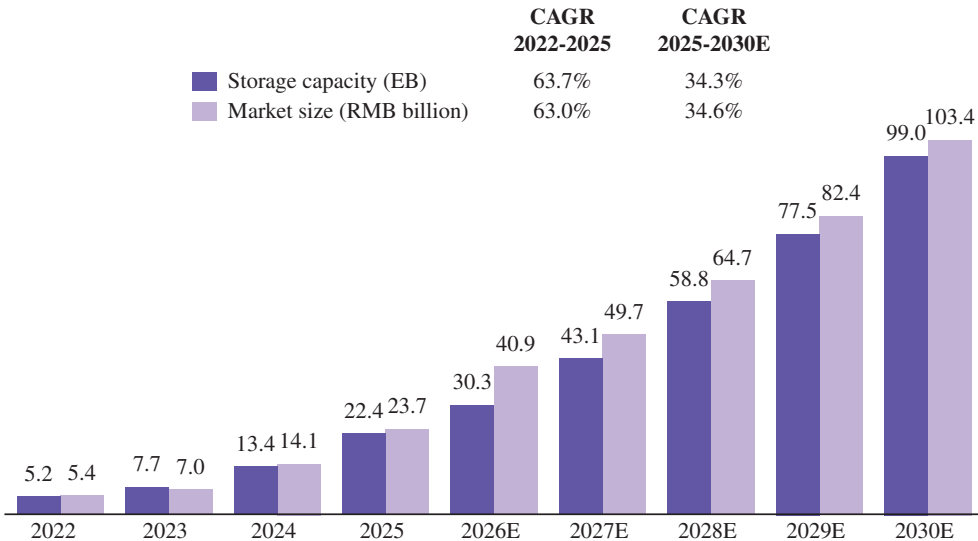
AI storage refers to data storage systems that are specifically designed and optimized for AI tasks, with the objective of supporting both massive data retention and high-efficiency data read and write operations which involve retrieving data from, and saving data to, the storage system. On-premise AI storage enables enterprises to manage data in a secure and fully controllable environment, reducing the risk of data leakage or unauthorized third-party use. As such, on-premise AI storage not only safeguards data sovereignty but also serves as a foundational element for sustaining long-term competitive advantage.

Within this layered market, competitive dynamics across subsegments reflect potential overlap as well as distinct barriers. Non-AI storage vendors may extend enterprise solutions to basic AI workloads, AI cloud providers offer elastic alternatives via public cloud ecosystems, and AI on-premise centralized storage providers target entry-level deployments. These segments, however, entail divergent technical requirements, value chains, and customer bases that limit cross-segment migration. Within the distributed AI on-premise storage segment itself, competition centers on scalability across multiple nodes, performance under heavy workloads, and adaptability to diverse AI tasks.

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There are more than 500 AI storage vendors in China. According to CIC, on-premise AI storage installed capacity in China reached 22.4 EB in 2025 and is expected to expand to 99.0 EB by 2030, representing a CAGR of 34.6%. Meanwhile, the market size of on-premise AI storage reached RMB23.7 billion in 2025 and is projected to grow to RMB103.4 billion by 2030, representing a CAGR of 34.3%¹.

Storage capacity and market size of China’s on-premise AI storage, 2022-2030E



Industrial Chain of AI Storage

The industrial chain of AI storage mainly covers upstream hardware suppliers, mid-stream software and hardware-software integrated solution suppliers and downstream end-users.

Upstream: Providers of essential hardware components for AI storage, including storage media such as HDDs and SSDs, networking equipment, and server racks.

Mid-stream: Suppliers of AI storage solutions, which represent the core value segment of the industrial chain. These providers deliver distributed file systems and underlying system software, including data scheduling and cache management software, while integrating hardware and software resources into comprehensive solutions.

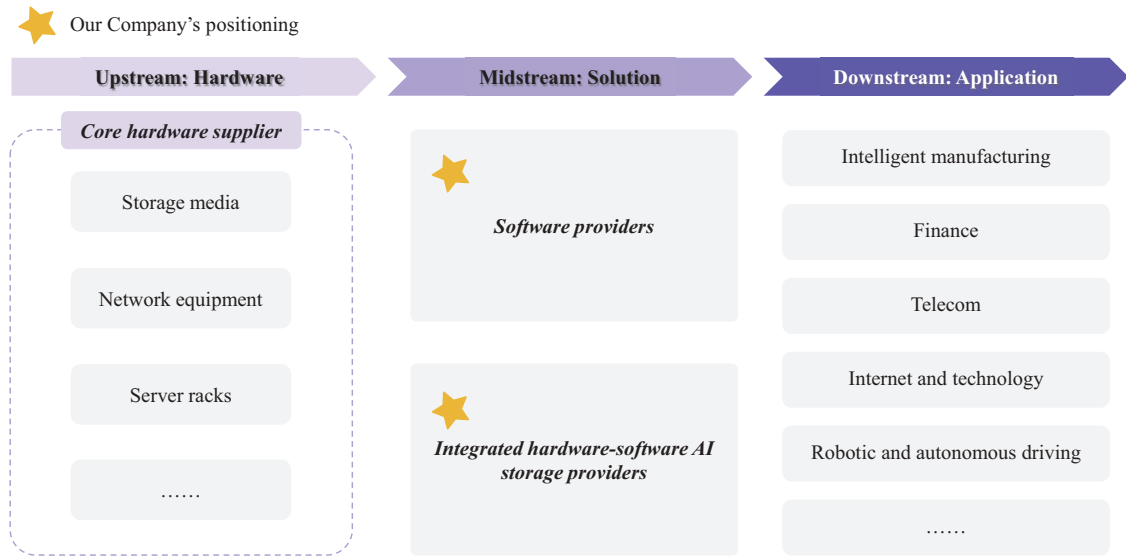
Downstream: End users of AI storage, including enterprises in intelligent manufacturing, finance, telecom, internet and technology, and robotic and autonomous driving sectors, among others. These users typically exhibit high requirements for data sovereignty, as well as high performance and scalability of storage systems.

Source: IDC, CIC

1 1 EB=1,000 PB, 1 PB=1,000 TB.

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Industrial chain of AI storage



Source: CIC

OVERVIEW OF DISTRIBUTED AI STORAGE IN CHINA

Challenges of Storage Solutions in Handling AI Tasks

The I/O Wall in training. At present, mainstream LLMs typically contain parameter counts exceeding billions, with training clusters comprising tens of thousands or even hundreds of thousands of AI chips operating concurrently. During training, AI chips must continuously read large volumes of data and periodically write model checkpoints, resulting in intense burst I/O pressure over short periods of time. Conventional storage architectures struggle to support such high-frequency, highly concurrent access patterns, often causing AI chips to remain idle while waiting for data, which in turn leads to a material decline in overall training efficiency.

The Memory Wall in inference. Longer context windows and more complex interaction patterns have become a key trend in LLM inference. To support these capabilities, models must retain large volumes of intermediate results for computation, which are stored as caches and typically reside in the on-chip memory of AI chips to ensure high-speed read and write access. Conventional storage solutions are unable to deliver read and write performance comparable to on-chip memory, forcing enterprises to purchase additional high-cost AI chips primarily to accommodate cache requirements, thereby creating significant room for inference cost optimization.

The Data Gravity Wall. In enterprise environments, data is often distributed across multiple systems. Original datasets may reside in large-capacity storage systems, while AI training requires high-performance storage with fast read and write capabilities. Migrating data across these heterogeneous systems is time-consuming and costly, and frequently leads to issues such as data silos and version inconsistency, increasing operational complexity and management overhead.

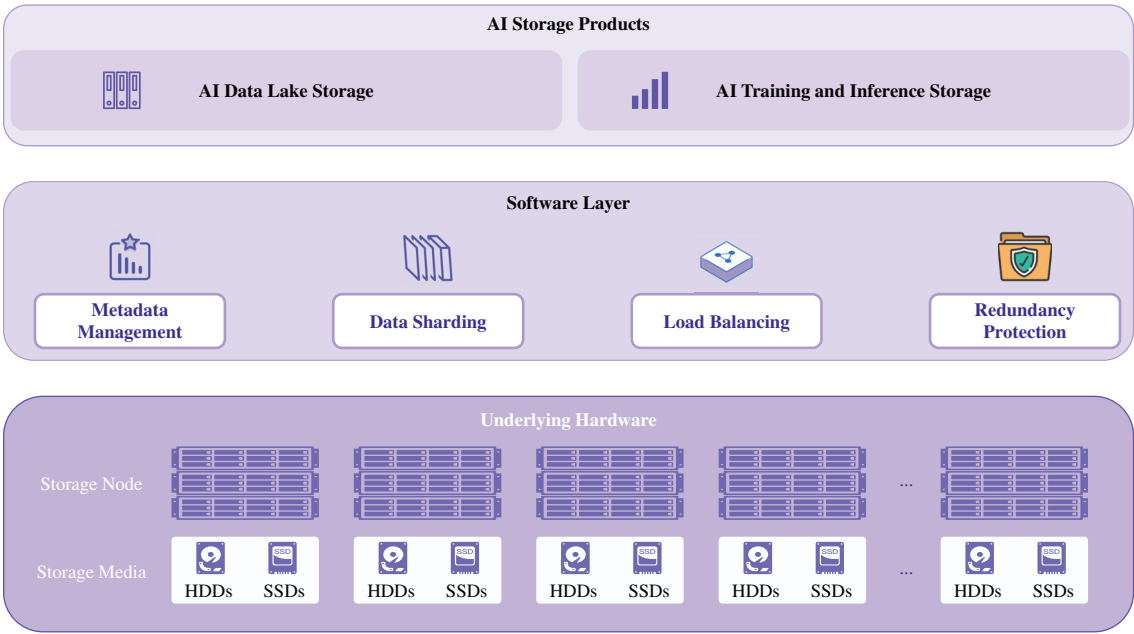
Distributed Storage as the Preferred Architecture for AI Storage

Based on architectural design, AI storage can be broadly categorized into centralized storage and distributed storage. Centralized storage completes data management and access through a single storage node. With a relatively simple architecture, it is suitable for AI scenarios with smaller data volumes and limited concurrency requirements. However, as performance and scalability demands

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increase, centralized storage struggles to meet the needs of large-scale AI workloads. Distributed AI storage, by contrast, shards data across multiple storage nodes operating in coordination, enabling parallel data access and load balancing. This architecture provides both large-scale capacity and high throughput performance, while ensuring system stability and reliability under heavy workloads through data replication and fault-tolerance mechanisms. Distributed storage enables near-linear I/O scaling through horizontal multi-node expansion, supporting TB-PB scale inference caches and high-concurrency workloads across diverse scenarios, offering significant advantages over centralized storage in architectural elasticity, performance scalability, and reliability, making it the preferred architecture for large-scale AI training, multi-cluster inference, and enterprise-grade AI platforms. “Enterprise-grade” is a widely used industry term referring to solutions designed to support large-scale enterprise deployments and complex business environments, typically with high requirements for scalability, reliability, availability, serviceability, quality of service and multi-tenant capability. As a result, distributed storage has become the preferred architectural choice for AI workloads. Distributed AI storage architectures are fundamentally software-defined. The core software layer is responsible for metadata management, data sharding, load balancing, and redundancy protection, while underlying hardware resources are abstracted and centrally orchestrated. This approach enables the creation of a flexible and scalable resource pool, supporting efficient horizontal expansion and streamlined solution delivery.

Architecture of distributed AI storage



Source: CIC

For on-premise storage, the physical deployment architecture is directly visible and tightly coupled to system design, making it meaningful to distinguish between centralized storage and distributed storage. In contrast, cloud storage abstracts the underlying infrastructure from users, and distributed architectures are inherent by default, so this distinction is largely irrelevant from a user or service perspective. Accordingly, the discussion of distributed storage in this context refers exclusively to on-premise storage.

Product Classification of Distributed AI Storage

Distributed AI storage can be categorized into two types based on workload requirements: AI data lake storage and AI training and inference storage.

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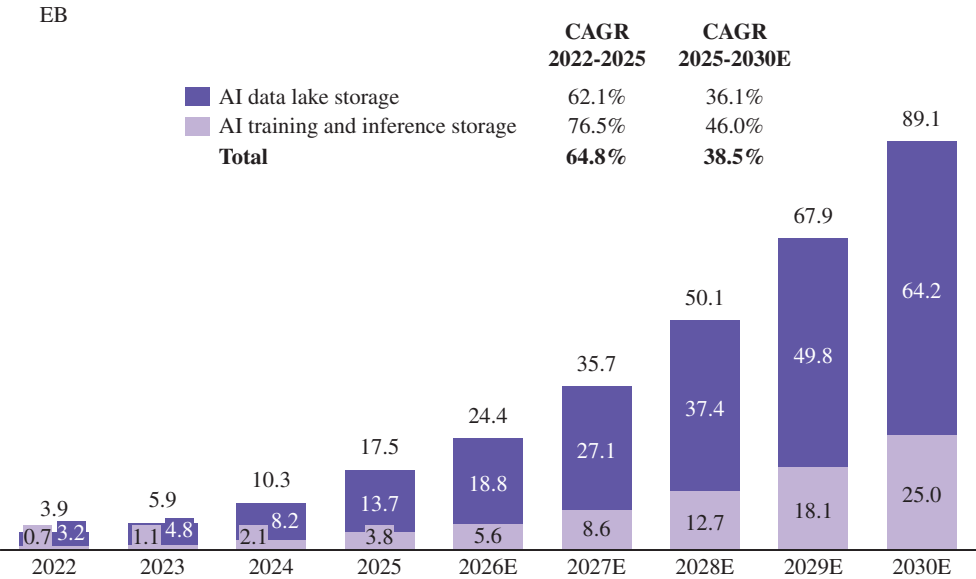
AI Data Lake Storage

AI data lake storage is primarily designed for warm and cold data that must be retained throughout the long-term AI lifecycle, including archived training datasets, historical model versions, log records, and intermediate feature files. These systems emphasize high-capacity density, cost efficiency, and data durability, enabling low-cost data persistence through tiered storage architectures, data compression and erasure coding techniques, and replication mechanisms.

AI Training and Inference Storage

AI training and inference storage is designed to meet the high-concurrency, low-latency access requirements of hot data during model training and inference phases, and serves as a critical component for fully unlocking AI computing performance. Storage architectures in this category typically adopt high-bandwidth interconnects, distributed file systems, and fine-grained data sharding mechanisms to deliver high throughput, low latency, and high access consistency under intensive workloads. According to CIC, the installed capacity of distributed AI storage in China reached 17.5 EB in 2025 and is expected to grow to 89.1 EB by 2030, representing a CAGR of 38.5%. In 2025, AI data lake storage accounted for approximately 78.5% of the market in terms of installed capacity, while AI training and inference storage represented 21.5%. By 2030, these proportions are projected to shift to approximately 72% and 28%, respectively.

Installed capacity of China’s distributed AI storage, by product, 2022-2030E

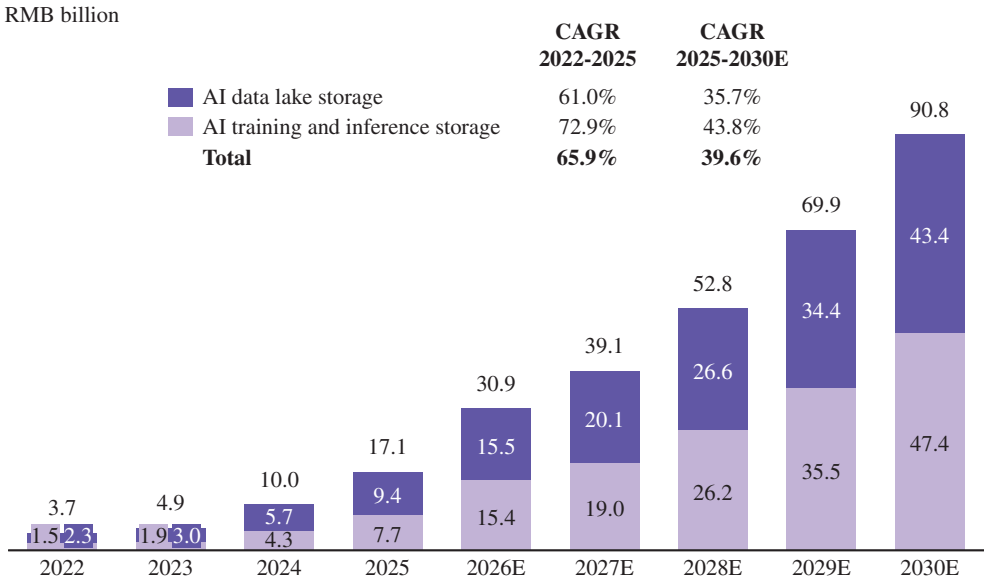


Source: IDC, CIC

Meanwhile, according to the same source, the market of on-premise distributed AI storage in China in terms of revenue reached RMB17.1 billion in 2025 and is expected to grow to RMB90.8 billion by 2030.

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Market size of China’s on-premise distributed AI storage, by product, 2022-2030E



Source: IDC, CIC

Delivery Models for Distributed AI Storage

Delivery models for distributed AI storage generally fall into two categories: software-centric turnkey solution delivery and software solution delivery.

Software-centric turnkey solution delivery provides customers with hardware-software integrated storage solutions, in which hardware configurations and network architectures are pre-defined and optimized through software-driven scheduling and orchestration. During system validation, quality control, and compatibility testing, this integrated approach delivers stronger overall stability and consistency, benefiting from deep software-hardware coupling and system-level optimization. It also reduces operational complexity, deployment risks, and post-deployment support challenges for customers.

Software solution delivery, by contrast, provides only the software layer of the storage solution, such as the distributed file system, object storage, and scheduling components, while customers independently procure compliant hardware and complete system integration. This model is typically favored by customers with strong internal IT integration capabilities, mature hardware maintenance teams, or specific hardware vendor preferences.

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Market Drivers

Rapid data growth and corresponding storage capacity and performance demands. As AI model parameter sizes and training datasets expand, data volumes in the Chinese Mainland continue to grow rapidly, with unstructured data accounting for an increasingly large share. According to CIC, the volume of data generated in the Chinese Mainland reached approximately 50 ZB in 2025 and is expected to exceed 150 ZB by 2030. This growth directly translates into increasing storage capacity and performance requirements, as large-scale model training, inference, and generative AI applications require storage systems capable of handling massive datasets while supporting high-concurrency access and low-latency data delivery.

Growing demand for cross-platform compatibility and architectural flexibility. Hybrid-cloud and multi-platform environments are becoming increasingly prevalent as enterprises combine public cloud, private cloud and on-premise infrastructure to balance performance, cost efficiency, data security and compliance requirements. According to CIC, approximately 90% of organizations are expected to adopt a hybrid cloud approach through 2027, and data synchronization across hybrid cloud environments has become a key challenge for AI workloads. In such environments, enterprise data is increasingly generated, stored and processed across heterogeneous computing platforms, storage systems and deployment locations, creating demand for unified mechanisms to access, manage, synchronize and migrate data across platforms. Distributed storage, supported by open architectures and modular designs, enables elastic resource scaling and interoperability across diverse systems, thereby helping enterprises reduce data silos and improve cross-platform data mobility.

Compliance and data sovereignty requirements. Strengthening regulations around data security, privacy protection, and industry-specific governance are driving enterprises toward on-premise, self-controlled distributed storage architectures. For example, the Data Security Law of the People’s Republic of China regulates data processing activities and establishes a categorized and classified data protection system, and the Personal Information Protection Law of the People’s Republic of China sets forth rules for personal information processing and cross-border provision. This approach ensures greater security, sovereignty, and operational control over core data assets while supporting regulatory-compliant local deployment, further accelerating the adoption of distributed AI storage solutions.

COMPETITIVE LANDSCAPE OF CHINA’S DISTRIBUTED AI STORAGE MARKET

Solution providers in China’s distributed AI storage market can be broadly classified into independent and non-independent providers. Independent providers refer to vendors that develop and deliver storage solutions capable of being deployed across third-party hardware and are not tied to a single proprietary hardware or software ecosystem. Non-independent providers refer to vendors that offer bundled storage solutions integrated with their own proprietary hardware and vertically controlled software ecosystems, and their storage software is typically compatible only with their own hardware. This independence enables greater openness in ecosystem collaboration and higher flexibility in upstream hardware sourcing. As a result, independent providers can avoid supply chain risks associated with single-vendor hardware dependencies and can assemble optimized hardware-software combinations tailored to specific customer requirements and deployment scenarios. For example, our Company, as a software-based solution provider, can integrate with hardware and servers from various manufacturers without being constrained by proprietary hardware. Therefore, we are an independent provider.

Independent providers and non-independent providers can be broadly distinguished across four key aspects, namely (i) supply chain, (ii) protocols and ecosystems, (iii) system performance, and (iv) delivery model. Independent providers generally adopt more flexible supply chains, support multiple protocols with broader ecosystem compatibility, focus on optimizing storage system performance, and allow for more flexible procurement and deployment arrangements. In

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contrast, non-independent providers typically operate under more integrated and proprietary models, with relatively limited flexibility in supply, system architecture and delivery. The table below summarizes the key differences between independent and non-independent distributed AI storage providers.

	Independent Providers	Non-independent Providers
Supply Chain	Multiple and interchangeable supply options	Single-source supply with limited flexibility
Protocols & Ecosystems	Supports multiple protocols, enabling efficient data paths and broad compatibility across diverse application scenarios and ecosystems	Prioritizes proprietary protocols and focuses on building closed, self-owned ecosystems
Performance	Optimizes storage system bandwidth density and capacity efficiency, maintaining alignment with mainstream hardware iteration cycles	Focuses on end-to-end integrated offerings beyond the storage system, often locking customers into proprietary architectures
Delivery	Supports separate procurement with high deployment flexibility	Requires bundled procurement with low flexibility

Given that certain providers, especially independent ones, derive a significant portion of their revenue from software solutions, while others primarily generate revenue from turnkey solutions, revenue is not directly comparable across market players. Storage capacity installed under each providers’ software, however, provides a more consistent basis for comparison. According to CIC, the top five distributed AI storage solutions providers in China collectively held a 47.9% market share based on installed capacity in 2025. We are China’s second largest distributed AI storage solution provider and the largest independent solution provider based on installed capacity in 2025, with a market share of 10.6%.

Based on revenue in the overall data storage market in the Chinese Mainland in 2025, the Group ranked between 10th and 15th among market participants, with a market share of approximately 0.1%. In the AI on-premise storage market, the Group ranked between 15th and 20th with a market share of approximately 1.1% by revenue in 2025. In the distributed AI storage market, the Group ranked between 10th and 15th with a market share of approximately 2.7% by revenue in 2025.

Companies	Distributed AI Storage Installed Capacity, PB, 2025	Market Share, 2025	Types
Company A	2,050	11.7%	Non-independent
The Company	1,846	10.6%	Independent
Company B	1,588	9.1%	Non-independent
Company C	1,473	8.4%	Non-independent
Company D	1,409	8.1%	Non-independent
Total	8,367	47.9%	

Source: Annual reports of listed companies, Interviews with industry experts, CIC

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Notes:

1. Company A is an ICT solutions provider headquartered in Guangdong Province, China and founded in 1987. It mainly provides ICT infrastructure, cloud computing, digital energy, consumer device, and intelligent automotive solution products and services. It is not a listed company. It is a non-independent solution provider who relies heavily on proprietary hardware and its own server product lines.
2. Company B is an IT infrastructure solutions provider headquartered in Shandong Province, China and founded in 1998. It mainly provides IT infrastructure products, solutions, and related services, including cloud computing, big data, and artificial intelligence solutions. It is a listed company on the Shanghai Stock Exchange. It is a non-independent solution provider who relies heavily on proprietary hardware and its own server product lines.
3. Company C is an ICT solutions provider headquartered in Zhejiang Province, China and founded in 2003. It mainly provides one-stop digital solutions covering cloud computing, big data, artificial intelligence, industrial internet, information security, intelligent connectivity, edge computing, and unified operations, as well as end-to-end technical services. It is not a listed company. It is a non-independent solution provider who relies heavily on proprietary hardware and its own server product lines.
4. Company D is a high-performance computing server manufacturer headquartered in Beijing, China and founded in 1996. It mainly provides high-end computing, storage, security, and data center products. It is a listed company on the Shanghai Stock Exchange. It is a non-independent solution provider who relies heavily on proprietary hardware and its own server product lines.

Meanwhile, we have demonstrated industry leading capabilities across multiple key dimensions of distributed AI storage solutions. Among our peers, we offer the most comprehensive protocol compatibility, are the first player to support heterogeneous chipsets within a single system, and introduced the first distributed storage solution supporting block, object and file storage within a single cluster.

Competitive Barriers

Software Core Capabilities. The core competitiveness of distributed AI storage lies in the maturity of its underlying software algorithms, including scheduling, metadata management, data layout, and resource optimization. These capabilities directly impact data flow efficiency and resource utilization under complex AI tasks. According to CIC, advanced storage software architectures have been shown to improve end-to-end computing power utilization by over 30%, reflecting the direct impact of core software optimization on resource efficiency under AI workloads.

Performance Optimization Capabilities. In high-concurrency, high-throughput scenarios such as AI training, the system must deliver stable read/write performance and low-latency responses. According to CIC, the volume of data generated for AI applications in the Chinese Mainland reached approximately 46.8 EB in 2025 and is expected to increase to approximately 198.5 EB by 2030E, reflecting exponential growth in AI workloads. Such workloads typically involve processing EB-scale unstructured data, with aggregate throughput requirements reaching 100 GB/s to over 500 GB/s. Providers require deep expertise in system-level optimization to ensure sustained and efficient operation of large-scale computing clusters.

Delivery and Service Capabilities. Distributed AI storage often spans hundreds of nodes, requiring careful deployment, integration, and testing across racks, clusters, or even multiple data centers. Additionally, enterprises also differ in data sovereignty, compliance requirements, and deployment environments. Distributed AI storage providers must provide end-to-end delivery and service capabilities, enabling rapid solution deployment, one-stop delivery, and enhanced customer satisfaction.

Ecosystem Compatibility. Distributed AI storage must integrate with mainstream AI frameworks and diverse computing platforms, in order to minimize data transfer latency, simplify developer onboarding, enhance scalability of storage architecture, and ensure broad ecosystem compatibility, thereby improving both customer convenience and extensibility.

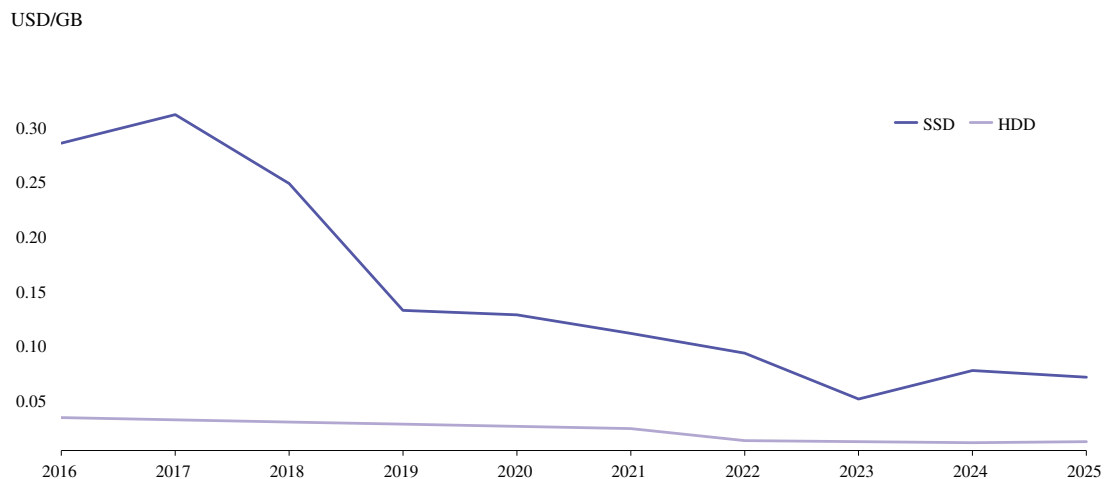
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PRICE AND COST TREND ANALYSIS

The cost structure of distributed AI storage systems primarily consists of (i) raw materials and components such as SSDs, memory modules, HDDs, and network interface cards (NICs), (ii) hardware warranty extensions, and (iii) outsourced services such as data labeling, solutions testing and on-site deployment. Among these, storage media, including SSDs and HDDs, represent the most critical components for system performance and account for the majority of overall hardware costs, typically around 75%. In comparison, other hardware components, including memory modules, network interface cards (NICs), contribute relatively smaller shares of the total cost structure, at approximately 15% and 10%, respectively, while remaining essential for system operation, data transmission and processing capabilities.

Historically, the unit prices of SSDs have demonstrated a clear cyclical pattern, characterized by periods of rapid decline followed by partial recoveries, resulting in relatively higher price volatility over time. In contrast, the unit prices of HDDs have exhibited a more stable trajectory, with gradual and limited adjustments within a narrow range, reflecting their role as a mature and cost-anchoring storage medium. And the prices of NICs and memory module have generally exhibited a declining trend driven by technological advancements and economies of scale, with occasional short-term fluctuations due to supply–demand dynamics and product upgrade cycles.

Price movement of key raw materials (SSDs and HDDs), 2016-2025



The prices of SSDs and HDDs are influenced by the following key factors: (i) technological advancement and product generation cycles, (ii) global supply-demand dynamics and inventory cycles, (iii) raw material and component costs, (iv) downstream demand patterns, and (v) macroeconomic and logistics factors. Looking ahead, as AI workloads continue to demand higher performance and faster data access, the proportion of SSDs, is expected to increase, further reinforcing the importance of storage within the overall cost structure.

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SOURCE OF INFORMATION

CIC was commissioned to conduct research, provide an analysis of, and to produce a report on China’s AI storage industry, and other related economic data, at a fee of RMB850,000. The commissioned report has been prepared by CIC independently without the influence from the Company or other interested parties. CIC offers industry consulting services, commercial due diligence and strategic consulting. With a consultant team actively tracking the latest market trends in various industries such as TMT, automotive, consumer goods and services, agriculture, chemicals, marketing and advertising, culture and entertainment, energy and industry, finance and services, healthcare and transportation. CIC employed both primary and secondary research methods using a variety of resources. Primary research included interviews with key industry experts and leading participants, while secondary research involved analyzing data from publicly available sources. The market projections in the commissioned report are based on the following key assumptions: (i) the overall global social, economic, and political environment is expected to maintain a stable trend during the forecast period; (ii) certain key industry drivers are expected to continue driving market growth during the forecast period; and (iii) there is no extreme force majeure or unforeseen industry regulations in which the market may be affected either dramatically or fundamentally during the forecast period.