The information and statistics set out in this section and other sections of this document were extracted from the report prepared by CIC, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the [**REDACTED**]. *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 has not been independently verified by us, the* [**REDACTED**]*, the Joint Sponsors, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**]*, any of their respective directors and advisors, or any other persons or parties involved in the* [**REDACTED**] *(excluding CIC), and no representation is given as to its accuracy.*

CHINA'S ANIMAL HEALTH MARKET

Macroeconomic Environment Analysis in China

With the sustained growth of China's macroeconomy, the income and consumption levels of residents have steadily improved, driving the upgrading of consumer demand in the livestock farming market and the pet health market. According to the National Bureau of Statistics, per capita disposable income of Chinese residents increased from RMB30,733 in 2019 to RMB41,314 in 2024, representing a CAGR of 6.1%. Per capita consumption expenditure of Chinese residents increased from RMB21,559 in 2019 to RMB28,227 in 2024, reflecting a CAGR of 5.5%.

According to the National Bureau of Statistics, per capita animal protein consumption in China increased from 74.5 kg in 2019 to 92.4 kg in 2024. The transformation of dietary structure has driven the demand for feed and animal health. China's total production of major meats increased from 76.49 million tons in 2019 to 96.63 million tons in 2024. Production of pork amounted to 42.55 million tons in 2019 and increased to 57.06 million tons by 2024, with a CAGR of 6.0%. The expansion of livestock farming scale has directly driven the demand for animal health. The medical and prevention expense for each pig was RMB22.7 in 2019 and increased to RMB26.4 in 2024, representing a CAGR of 3.1%. The medical and prevention expense for every 100 broiler chickens was RMB78.1 in 2019 and increased to RMB110.5 in 2024, representing a CAGR of 7.2%. The animal health industry plays a critical role in ensuring the stability and safety of animal protein supply through disease prevention and control, scientific farming practices, and the application of veterinary products.

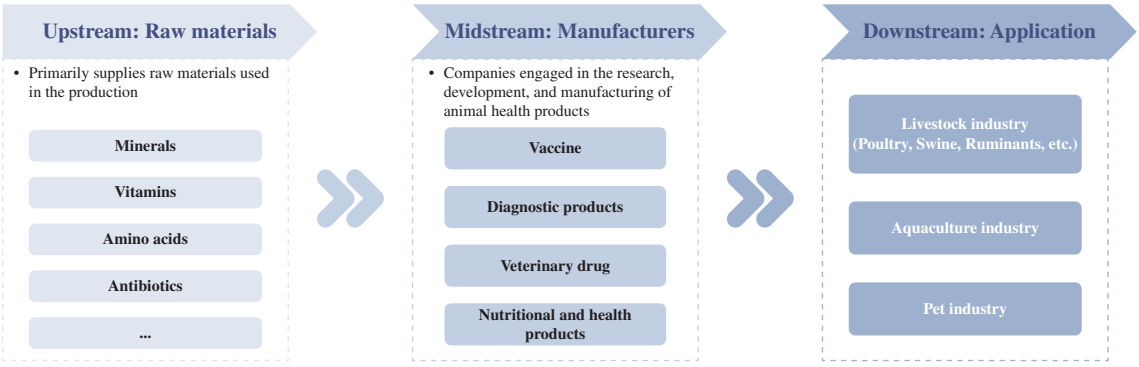
Overview of the Animal Health Industry

The animal health industry refers to a comprehensive sector dedicated to disease prevention, diagnosis and treatment, and health management for animals. It achieves this through disease prevention, diagnostic testing, treatment interventions, and scientific management methods, ensuring the normal physiological functions of livestock and pets, while reducing the risk of disease. The industry covers areas such as vaccines, veterinary drugs, feed additives, diagnostic equipment, and health services. It helps improve animal welfare, ensures food safety and production efficiency in the livestock industry, and meets the growing consumer demand for pet health and management. Additionally, it plays a crucial strategic role in the prevention and control of zoonotic diseases and in promoting ecological sustainability. At present, there are over 1,500 veterinary drug manufacturers in China and the animal health industry faces intense competition.

Industry Chain Analysis of China's Animal Health Industry

The upstream segment of China's animal health industry chain mainly provides raw materials used in the production of animal health products, including minerals, vitamins, amino acids, antibiotics, anti-inflammatory drugs, etc. The midstream segment comprises animal health product manufacturers. The downstream segment refers to the end market for animal health products, including the livestock farming, aquaculture, and the companion animal market. The figure below illustrates the China's animal health industry chain.

China's animal health industry chain

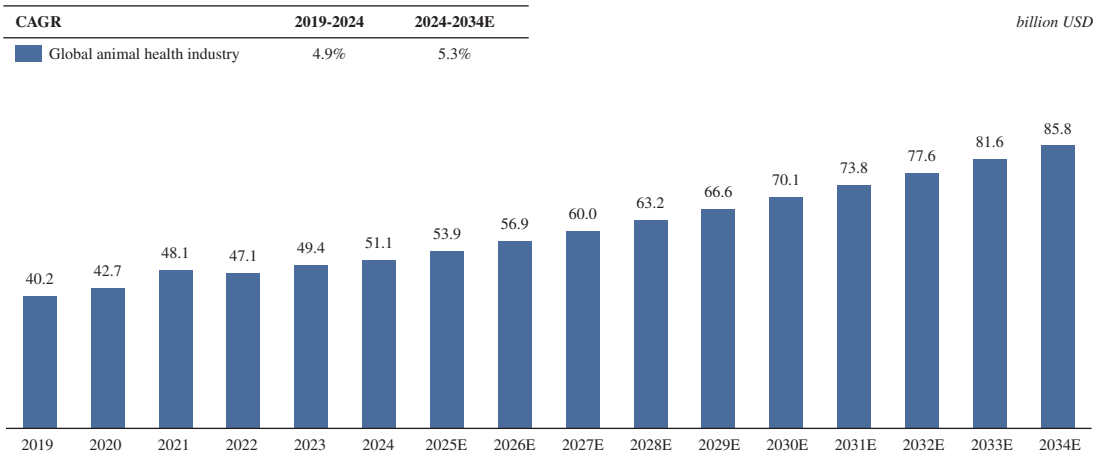


Source: Ministry of Agriculture and Rural Affairs, CIC

Global Animal Health Market Size

The global animal health market was valued at USD40.2 billion in 2019 and increased to USD51.1 billion by 2024, representing a CAGR of 4.9%. It is projected that by 2034, the market will reach USD85.8 billion, with a CAGR of 5.3%.

Global animal health market size, 2019-2024, 2024-2034E



Source: Annual Report on Development of Veterinary Medicine Industry in China, CIC

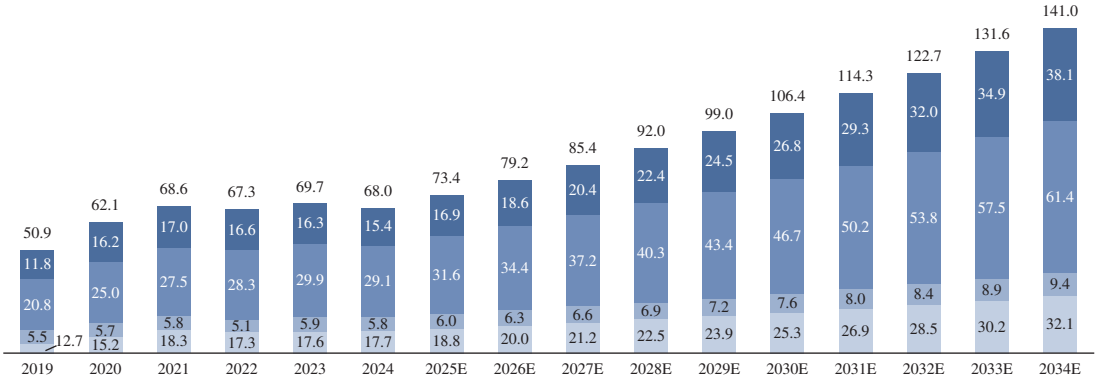
China's Animal Health Market Size

China's animal health market was valued at RMB50.9 billion in 2019 and increased to RMB68.0 billion by 2024, representing a CAGR of 6.0%. It is projected that by 2034, the market size will reach RMB141.0 billion, with a CAGR of 7.6%. China's animal health market can be further segmented into veterinary biological products, chemical and drug formulations, traditional Chinese veterinary medicines (TCVM), and veterinary active pharmaceutical ingredients (APIs).

China's animal health market size, 2019-2024, 2024-2034E

CAGR	2019-2024	2024-2034E
Veterinary biological products	5.4%	9.5%
Chemical and drug formulations	6.9%	7.8%
Traditional Chinese veterinary medicines	1.2%	5.0%
Veterinary active pharmaceutical ingredients	6.9%	6.1%
Total	**6.0%**	**7.6%**

billion RMB



Source: Annual Report on Development of Veterinary Medicine Industry in China, CIC

Entry barriers in China's animal health industry

Policy and regulatory barriers. The revised Good Manufacturing Practice (《獸藥生產質量管理規範(GMP)》) for Veterinary Drugs, which came into mandatory effect in 2020, requires substantial capital investments for compliance, posing challenges for small and medium-sized enterprises. The approval cycle for new veterinary drugs in China is lengthy and highly regulated, resulting in high time and capital thresholds. Regulatory requirements are further elevated for veterinary drugs and vaccines targeting major animal infectious diseases, particularly Category I notifiable diseases. Related R&D activities must be conducted in P3-level biosafety laboratories and obtain prior special approval from the Ministry of Agriculture and Rural Affairs (MARA). In addition, vaccines for major epizootic diseases are subject to a designated production system with limited approved manufacturers, leading to highly concentrated market and elevated institutional entry barriers.

Technology and R&D barriers. Core technologies such as genetically engineered vaccine, novel adjuvants, and cell culture media are monopolized by industry leaders, making it difficult for new entrants to overcome patent barriers. The development of vaccines and pharmaceuticals targeting emerging diseases (e.g., African swine fever and pet oncology) requires interdisciplinary expertise in molecular biology, bioinformatics, and related fields, imposing high demands on R&D capabilities, which new entrants generally lack.

Capital and scale barriers. New entrants require substantial upfront investment. The construction of GMP-compliant production lines (e.g., biological products workshops) typically requires tens of millions of RMB. Separately, animal health companies generally need to maintain R&D expenditure at approximately 5% to 10% of revenue over the long term. Active pharmaceutical ingredient (API) production relies on economies of scale to reduce costs; however, new entrants typically have lower annual output and revenue, limiting cost competitiveness. For the production of Category I major infectious disease vaccines, enterprises must meet Biosafety Level 3 (BSL-3) standards, involving significant investment in facility construction, equipment, biosafety protection, and high ongoing operating costs, further raising entry barriers in the biological products sub-sector.

Market and channel barriers. New entrants face challenges in establishing distribution networks. Clients are often closely tied to long-term suppliers, while new companies must invest significant resources to build technical service teams and after-sales support systems. Leading enterprises have already secured high-quality distributor and key clients resources, and formed exclusive arrangements through long-term cooperation.

Drivers in China's Animal Health Industry

High complexity of animal disease prevention and control. In recent years, global economic integration and frequent cross-border logistics and population mobility have increased the risk of animal disease outbreaks and transmission, leading to strong demand from farming enterprises for epidemic prevention and control. Large-scale outbreaks can significantly increase prevention and control costs in the short term. According to the China Agricultural Product Cost-Benefit Compilation (《中國農產品成本效益匯編》) published by the NDRC, due to the impact of African swine fever at the end of 2018, medical and epidemic prevention costs per live pig in large-scale farming operations reached RMB20.21, RMB25.65, and RMB28.37 from 2018 to 2020, respectively, with year-on-year growth rates of 26.9% and 10.6%.

Accelerating trend toward large-scale farming. Under large-scale farming models, higher breeding density increases the risk of disease occurrence and epidemic transmission, leading large farms to favour efficient animal health solutions. On average, the medical and prevention expense for each pig at large-scale farms are higher than those under free-range farming. In 2019, China's large-scale swine farming ratio was approximately 50%, increasing to 70% by 2024.

Growing demand for pet companionship among Chinese consumers. With the continued reduction in household size, more than 125 million single-person households now exist in China, accounting for approximately 20% of all households, alongside accelerating population ageing, with individuals aged 65 and above accounting for approximately 15% of the population. Demand for pets as emotional substitutes and companions has increased significantly. In 2022, China's total fertility rate stood at 1.05, ranking second lowest among major countries globally. Chinese pet owners are paying greater attention to pet health, with rising demand for pharmaceuticals and treatments related to internal medicine and geriatric diseases, accelerating the development of pet medical care and related sub-sectors.

Future Development Trends of China's Animal Health Industry

Continuous expansion of disease coverage: At present, newly approved veterinary drug certificates in China cover just over 40 categories of animal diseases, far fewer than the 157 diseases listed in the Catalogue of Class I, II, and III Animal Diseases (《一、二、三類動物疫病病種名錄》, indicating significant unmet domestic demand for animal disease diagnosis and treatment. Amid frequent outbreaks of major diseases such as African Swine Fever (ASF), avian influenza (H7N9, H5N1), and novel coronavirus variants, demand for precise diagnostic technologies, disease-specific vaccines, and targeted therapeutic drugs continues to rise. Looking ahead, animal health enterprises are expected to increase R&D investment in these priority diseases to fill product gaps and strengthen disease prevention and control capabilities.

Rising investment in product R&D: As competition intensifies and policy orientation evolves, domestic enterprises are under increasing pressure to raise R&D investment. Greater R&D investment is expected to facilitate the development of vaccines, diagnostic reagents, and therapeutic drugs with proprietary intellectual property rights, reducing reliance on imported high-end products, and driving the industry's transformation from volume-driven growth to quality-driven development.

Deepening Industry-Academia-Research Collaboration: Most newly approved veterinary diagnostic products in China are developed through collaboration between enterprises and universities or research institutions, reflecting the initial effectiveness of industry-academia-research synergies. Such cooperation is expected to deepen through joint laboratories, research initiatives, and technology incubation platforms, thereby accelerating the commercialisation of scientific research outcomes. By leveraging the foundational research capabilities of academic and research institutions, enterprises can gain early positioning in frontier technologies such as genetic engineering, AI drug screening and development and AI-assisted diagnostics, promoting the evolution of the entire industry towards high technology and high added value.

Expansion into International Markets: Driven by the Belt and Road Initiative and the Regional Comprehensive Economic Partnership (《區域全面經濟伙伴關係協定》) (RCEP), Chinese animal health enterprises are accelerating overseas expansion through cooperation with international peers in technology, distribution channels, and branding, as well as the introduction of advanced manufacturing processes and quality management systems. Meanwhile, leveraging cost advantages, supply chain stability and strong alignment with regional livestock production structures and medication demand, domestically produced animal health products have developed strong competitiveness in emerging markets such as Asia. In the long term, these efforts are expected to increase global recognition and influence of Chinese products within the global industry value chain.

Competition Landscape of China's Animal Health Industry

Competition landscape of China's animal health industry, by revenue, 2024

Rank	Company (Domestic manufacturers)	Market share
1	Company A	4.0%
2	Company B	3.6%
3	Company C	2.9%
4	Company D	2.8%
5	Company E	2.3%
6	Company F	1.8%
7	Company G	1.8%
8	Company H	1.5%
9	**The Company**	**1.4%**
10	Company I	1.3%
	Others	76.6%

Source: Annual Reports of listed companies, CIC

Notes:

1. Company A was founded in 1998, headquartered in Beijing, China, and is listed on the Shanghai Stock Exchange. Its main business includes veterinary biological products, veterinary drugs, feed and feed additives.
2. Company B was founded in 1991, headquartered in Shandong, China, and is listed on the Shanghai Stock Exchange. Its main business includes veterinary APIs and chemical and drug formulations.
3. Company C was founded in 2001, headquartered in Tianjin, China, and is listed on the Shenzhen Stock Exchange. Its main business includes veterinary biological products, veterinary APIs, chemical and drug formulations, feed and feed additives.
4. Company D was founded in 1999, headquartered in Shandong, China. Its main business is veterinary biological products.
5. Company E was founded in 1990, headquartered in Inner Mongolia, China, and is listed on the Shenzhen Stock Exchange. Its main business includes chemical and drug formulations and veterinary vaccines.

6. Company F was founded in 1993, headquartered in Inner Mongolia, China, and is listed on the Shanghai Stock Exchange. Its main business includes veterinary biological products and veterinary diagnostic reagents.
7. Company G was founded in 1958, headquartered in Shandong, China. Its main business includes veterinary biological products, veterinary APIs, veterinary chemical drugs, feed and feed additives.
8. Company H was founded in 2002, headquartered in Henan, China, and is listed on the Shanghai Stock Exchange. Its main business includes veterinary biological products and veterinary drugs.
9. Company I was founded in 1993, headquartered in Xinjiang, China, and is listed on the Shenzhen Stock Exchange. Its main business includes veterinary vaccines and feed.

The market size of China's animal health industry reached RMB68 billion in 2024. The Company ranked ninth amongst domestic manufacturers in the animal health market in China, with a market share of 1.4%.

Overview of China's Veterinary Biological Products Market

Veterinary biological products are animal health products based on biologically derived substances and manufactured using biotechnological methods, and are primarily used for the prevention of animal diseases. Such products are typically manufactured using viruses, bacteria or their antigenic components, as well as biological materials such as animal serum and cells, as raw materials, through processes including cell culture, fermentation, or genetic engineering. These products are capable of inducing immune protection against specific diseases. Veterinary biological products mainly include veterinary vaccines, veterinary antibodies, transfer factor and veterinary diagnostic reagents.

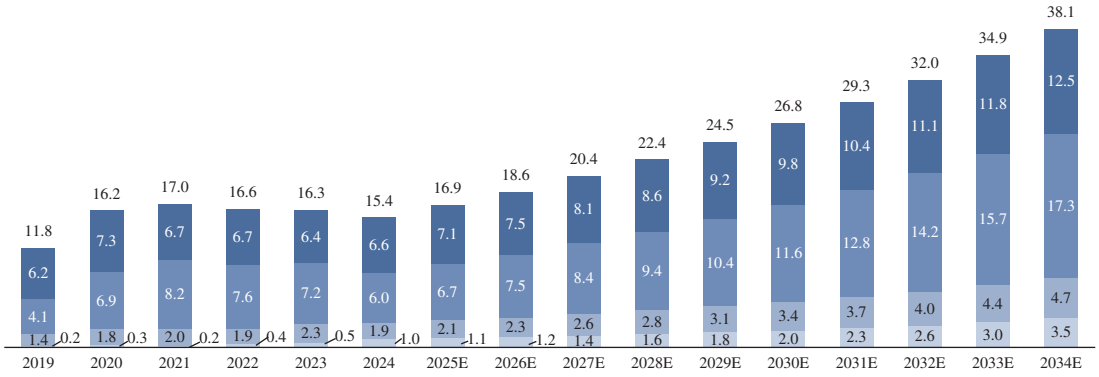
China's Veterinary Biological Products Market Size

The market size of China's veterinary biological products was valued at RMB11.84 billion in 2019 and increased to RMB15.40 billion in 2024, representing a CAGR of 5.4%. It is projected that by 2034, the market will expand to RMB38.05 billion, with a CAGR of 9.5%. Among this, the poultry biological products market reached RMB6.60 billion in 2024, accounting for 42.9% of the total veterinary biological products market.

China's veterinary biological products market size, by revenue, 2019-2024, 2024-2034E

CAGR	2019-2024	2024-2034E
For poultry	1.4%	6.6%
For swine	8.0%	11.2%
For cattle and sheep	5.9%	9.8%
Others	34.5%	13.6%
Total	**5.4%**	**9.5%**

RMB Billion



Source: Ministry of Agriculture and Rural Affairs, Annual Report on Development of Veterinary Medicine Industry in China, CIC

As the key segment of veterinary biological products market, poultry biological products was valued at RMB6.16 billion in 2019 and increased to RMB6.60 billion in 2024, representing a CAGR of 1.4%. It is projected that by 2034, the market will expand to RMB12.54 billion, with a CAGR of 6.6%.

Competition Landscape of China's Poultry Biological Products Market

Competition landscape of China's poultry biological products market, by revenue, 2024

Rank	Company	Market share
1	Company D	23.9%
2	Company C	16.5%
3	**The Company**	**7.9%**
4	Company H	6.3%
5	Company F	4.2%
	Others	41.2%

Source: Annual Report of listed companies, CIC

In 2024, the Company ranked third amongst domestic manufacturers in the poultry biological products market in China, with a market share of 7.9%.

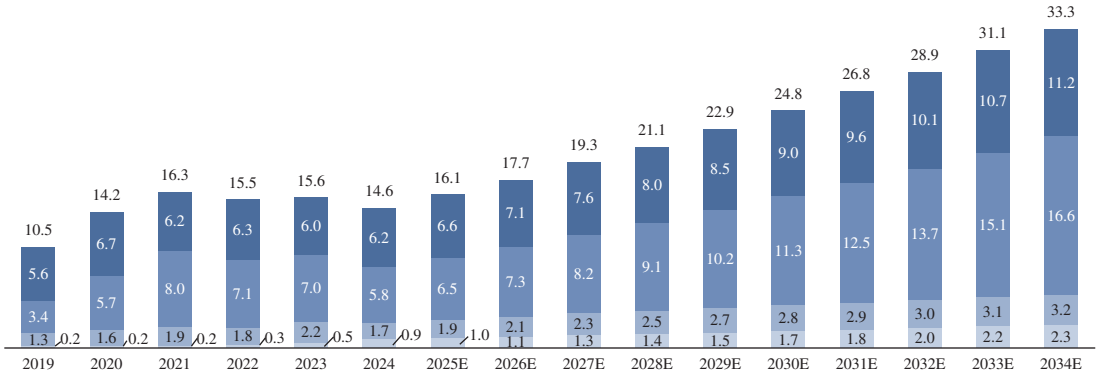
Key Sub-Segment: Veterinary Vaccine

In the veterinary biological products market, veterinary vaccines represent the largest market segment by scale. The market size of China's veterinary biological products reached RMB15.40 billion in 2024, of which veterinary vaccines accounted for RMB14.63 billion, representing 95% of the total veterinary biological products market.

China's veterinary vaccine market size, by revenue, 2019-2024, 2024-2034E

CAGR	2019-2024	2024-2034E
For poultry	1.9%	6.1%
For swine	11.4%	11.1%
For cattle and sheep	5.9%	6.3%
Others	34.5%	10.0%
Total	**6.8%**	**8.6%**

RMB Billion



Source: Ministry of Agriculture and Rural Affairs, Annual Report on Development of Veterinary Medicine Industry in China, CIC

In 2024, the Company ranked eighth amongst domestic manufacturers in the veterinary vaccine market in China, with a market share of 3.3%.

The size of China's poultry vaccine market amounted to RMB6.21 billion in 2024. The Company ranked third in the poultry vaccine market in China, with a market share of 5.9%. The size of China's chicken Newcastle disease vaccine market was RMB0.15 billion in 2024. The Company ranked first in the chicken Newcastle disease vaccine market in China, with a market share of 32.1%. The size of China's chicken mycoplasma vaccine market was valued at RMB0.19 billion in 2024. The Company ranked first in the chicken mycoplasma vaccine market in China, with a market share of 43.6%.

Other Sub-Segments: Veterinary Antibody, Transfer Factor and Diagnostic Reagent

Veterinary antibodies are biological products used for the prevention and control of animal diseases, and their core function is to provide rapid and precise preventive intervention. The market size of China's animal health antibody reached RMB0.79 billion in 2024. The Company ranked first in the animal health antibody market in China, with a market share of 11.0%.

Transfer factors is a natural "signalling molecules" generated by immune and non-immune cells, possessing unique advantages in immunosuppression and stress responses. The market size of China's animal health transfer factor was RMB0.17 billion in 2024. The Company ranked first in the animal health transfer factor market in China, with a market share of 39.8%.

Veterinary diagnostic reagents are biological products used for the detection and diagnosis of animal diseases, and their core function is to support rapid and accurate identification of infection status, thereby facilitating timely disease prevention and control.

China's veterinary diagnostic reagents market size

China's veterinary diagnostic reagents market size was RMB47 million in 2019, reached to RMB60 million by 2024, representing a CAGR of 5.0%. It is expected that by 2034, the market will expand to RMB237 million at a CAGR of 14.8%.

Drivers and future development trends of China's veterinary biological products market

Macro policy support for development: The "14th Five-Year Plan for National Animal Husbandry and Veterinary Industry Development" (《"十四五"全國畜牧獸醫產業發展規劃》) emphasizes strengthening the prevention and control of animal diseases and improving vaccine production technology as key objectives. Priority is given to the development of suspension culture, concentration and purification technology for vaccines, and genetic engineering techniques to enhance vaccine production capabilities.

Emerging overseas markets: Livestock farming industries in Central Asia and Africa are expanding, creating a high dependency on imports. For example, Egypt has strong demand for avian influenza vaccines, which Chinese vaccine companies have entered through product registration. Some developing countries have adopted government-led immunization strategies for the prevention and control of major animal diseases. Cross-border disease prevention mechanisms promoted by the World Organisation for Animal Health (OIE) further stimulate vaccine procurement demand.

Overview of China's Chemical and Drug Formulations Market

Chemical and drug formulations are animal health products whose active pharmaceutical ingredients (APIs) are obtained through chemical synthesis or chemical modification processes. These products are used for the prevention and control of animal diseases, alleviation of clinical symptoms, and regulation of physiological functions. Products within the chemical and drug formulations segment include antimicrobial agents, antiparasitic drugs, anti-inflammatory agents, among others, covering applications such as disease prevention, diagnosis, treatment, and symptomatic control. Chemical and drug formulations are characterized by clearly defined chemical compositions and mechanisms of action, and are available in a wide range of dosage forms. They are administered via oral, injectable, or topical routes, and are widely used in livestock farming and companion animal health.

China's Chemical and Drug Formulations Market Size

The market size of China's chemical and drug formulations was valued at RMB20.8 billion in 2019 and increased to RMB29.1 billion in 2024, representing a CAGR of 6.9%. It is expected that by 2034, this segment will grow to RMB61.4 billion, with a CAGR of 7.8%.

Overview of China's Traditional Chinese Veterinary Medicines (TCVM) Market

Traditional Chinese veterinary medicines (TCVM) combine traditional Chinese (TCM) medicine theories with veterinary clinical practices and are used for disease prevention, treatment and health management in animals. It employs natural Chinese medicinal materials formulated according to traditional Chinese medicine compatibility principles and processed into oral, injectable, or granule dosage forms using modern formulation technologies. These medicines are designed to improve animal physiological functions, enhance immunity, relieve symptoms, or promote recovery. By leveraging traditional Chinese pharmacological mechanisms, TCVM supports animal health management and disease intervention while aligning with the principles of green farming and low-residue requirements.

China's traditional Chinese veterinary medicine (TCVM) market size

The market size of traditional Chinese veterinary medicines (TCVM) was RMB5.5 billion in 2019 and increased to RMB5.8 billion in 2024, representing a CAGR of 1.2%. It is expected that by 2034, this segment will grow to RMB9.4 billion, with a CAGR of 5.0%.

Overview of China's Feed and Additives Market

China's feed and additives market refers to the feed materials and functional supplements designed to meet the comprehensive nutritional, health, and productivity needs of large-scale livestock farming. This market includes both basic feed products and scientifically formulated additive components. The feed segment covers nutrition delivery for livestock, poultry, aquaculture, and other specific animals, while additives refer to functional ingredients – such as vitamins, minerals, amino acids, enzymes, and probiotics – incorporated into basic feed at standardised proportions. These additives aim to improve nutrient absorption, enhance immunity, boost growth performance, and reduce health risks.

China's Feed and Feed Additives Market Size

The market size of China's feed was RMB808.8 billion in 2019 and increased to RMB1,262.1 billion in 2024, representing a CAGR of 9.3%. It is expected that by 2034, this segment will grow to RMB1,787.4 billion, with a CAGR of 3.5%. The market size of China's feed additives was RMB83.9 billion in 2019 and increased to RMB131.6 billion in 2024, representing a CAGR of 9.4%. It is expected that by 2034, this segment will grow to RMB255.1 billion, with a CAGR of 6.8%.

SOURCES OF INDUSTRY INFORMATION

For the purpose of the [**REDACTED**]*, we have engaged CIC to conduct a detailed analysis of the principal markets in which we operate and to prepare an industry report. CIC is an independent global market research and consulting firm that provides market research services across a wide range of industries, including animal health. We have agreed to pay CIC total fees of RMB0.5 million for the preparation of the CIC Report, and we believe such fees are consistent with market rates. Payment of such fees is not contingent upon whether we successfully* [**REDACTED**] *or the outcome of the CIC Report. Other than the CIC Report, we have not commissioned any other industry report in connection with the* [**REDACTED**].

During the preparation of the CIC Report, CIC performed both primary and secondary research, and obtained knowledge, statistics, information on and industry insight into global and China's animal health market. Primary research involved interviewing key industry experts and leading industy participants. Secondary research involved analysing data from various publicly available data sources.

The market forecasts contained in the CIC Report are based on, among others, the following principal assumptions: (i) China's overall social, economic and political environment is expected to remain stable during the forecast period; (ii) China's economy and the relevant industries are expected to maintain a steady growth trend over the next ten years; (iii) key industry drivers are expected to continue to support market growth during the forecast period; and (iv) there will be no extreme force majeure events or industry regulatory changes that would have a material or fundamental impact on the market. The accuracy of these principal assumptions may affect the reliability of the CIC Report.