

INDUSTRY OVERVIEW

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OVERVIEW OF CHINA’S DAIRY PRODUCTS MARKET

Definition and Classification of Dairy Products

Dairy products refer to products manufactured using raw milk or dairy derivatives as the primary raw materials for human consumption. Dairy products are generally rich in protein, fat, lactose, vitamins, minerals and other nutrients, and are widely consumed in daily diets and nutritional supplementation scenarios.

Based on product form, dairy products can be broadly classified into liquid milk (液態奶) and dry dairy products (乾乳製品). Liquid milk refers to dairy products derived primarily from raw milk, that remain in liquid form following processing such as sterilization or fermentation and are intended for direct consumption. Liquid milk mainly includes pasteurized milk, ESL milk, UHT milk, yogurt and formulated milk. Dry dairy products refer to dairy products that are processed into solid or powdered form through processes such as concentration, drying or further processing. These products mainly include milk powder, cheese, butter and other solid dairy products.

Based on milk source, dairy products can be further classified into conventional bovine dairy products (普通牛乳製品) and specialty dairy products (特色乳製品). Conventional bovine dairy products refer to dairy products manufactured primarily using cow raw milk and its derivatives as the principal raw materials. This segment currently represents the largest category within China’s dairy products market. Specialty dairy products refer to dairy products manufactured using specialty milk sources as all or part of their dairy ingredients. Specialty milk sources mainly include buffalo milk, goat milk, yak milk, mare milk, camel milk and donkey milk. Specialty dairy products include both products made from a single specialty milk source and products made from a blend of specialty milk sources and cow’s milk. Representative products include buffalo milk, buffalo cheese, goat milk powder and camel milk powder. Compared with conventional bovine dairy products, specialty dairy products generally possess differentiated nutritional value, regional characteristics and premium consumption attributes, and have gained increasing market attention in recent years.

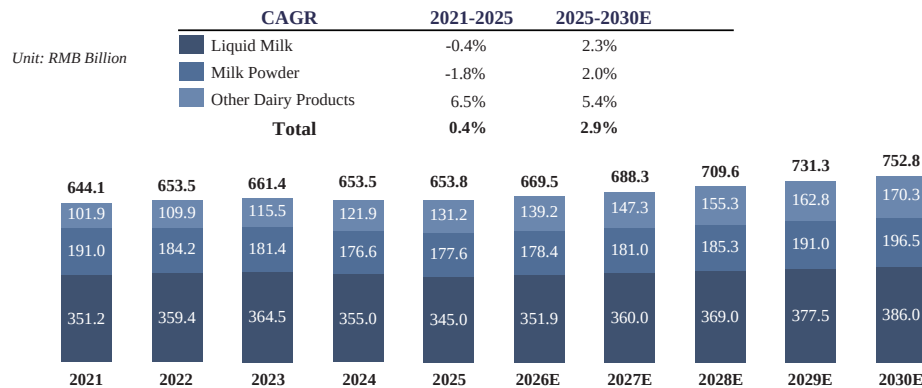
The Market Size of China’s Dairy Products Industry

From 2021 to 2025, China’s dairy products market maintained relatively stable growth, with retail sales increasing from RMB644.1 billion in 2021 to RMB653.8 billion in 2025, representing a CAGR of 0.4% from 2021 to 2025. Affected by demographic changes, temporary pressure on infant formula demand and the pace of consumption recovery, the overall industry growth moderated during the period. Nevertheless, as dairy products remain essential nutritional consumer goods, underlying market demand continued to demonstrate resilience. Looking ahead, driven by ongoing consumption upgrading, expanding consumption scenarios and the premiumization trend, China’s dairy products market is expected to resume steady growth from 2026 onward, reaching RMB752.8 billion by 2030, representing a CAGR of approximately 2.9% from 2025 to 2030.

By product category, liquid milk remained the largest segment within China’s dairy products market, with a market size of RMB345.0 billion in 2025, accounting for over 50% of the overall market. Going forward, rising demand for fresh milk, high-protein milk and functional dairy products is expected to support stable growth in the dairy products segment. The milk powder market experienced temporary pressure between 2021 and 2025 due to fluctuations in birth rates and weaker demand for infant formula products. However, increasing demand for adult nutrition, elderly nutrition and functional nutritional products is expected to gradually support market recovery in the coming years. Meanwhile, other dairy products, including cheese, butter and ice cream, recorded the fastest growth among all categories, with market size increasing from RMB101.9 billion in 2021 to RMB170.3 billion in 2030. This trend reflects rising consumer demand for snack-oriented, westernized and diversified dairy products, while also indicating the ongoing upgrade of China’s dairy consumption structure toward higher value-added products.

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Market Size of Dairy Products, by Category and by Retail Value (China), 2021-2030E



Source: Dairy Association of China (“DAC”), Frost & Sullivan

Market Drivers of China’s Dairy Products Industry

Rising Disposable Income Drives Upgrading of Dairy Consumption Structure. Rising disposable income has shifted dairy consumption in China from basic nutrition toward premium, health-oriented and functional products. Demand for fresh milk, organic dairy products, and specialty dairy products is increasing, while consumers are paying greater attention to nutritional value, milk source quality and brand reputation, driving industry premiumization and diversification.

Development of Logistics and Cold Chain Infrastructure Enhances Dairy Distribution Efficiency. China’s expanding logistics and cold chain networks have improved the storage and transportation of low-temperature dairy products, while extending their sales reach. Greater coverage in lower-tier cities and county-level markets is also supporting wider dairy consumption penetration.

Favorable Policies Support the Healthy and Orderly Development of the Industry. Supportive policies, including the “Healthy China 2030” Plan Outline and dairy revitalization initiatives, encourage higher dairy consumption, stronger raw milk supply and improved product quality, supporting the industry’s standardized and high-quality development.

Future Trends of China’s Dairy Products Industry

Demand for High-Quality and High Value-Added Dairy Products Is Expected to Continue Growing. Rising health awareness is driving demand for premium, functional and specialized dairy products, including fresh milk, organic dairy products, high-protein products, functional yogurt and low-sugar products. Growing needs among specific consumer groups, such as elderly consumers and fitness-oriented consumers, will further support product segmentation and innovation.

Rapid Development of Specialty Milk Source Dairy Products. Dairy products made from buffalo, goat, yak and camel milk are gaining popularity due to their differentiated nutrition and premium positioning. Rising consumer awareness, supported by e-commerce and social media, is expanding demand and driving continued market growth.

Expansion of Omnichannel Sales Networks. E-commerce platforms, instant retail and community group buying are becoming increasingly important alongside traditional offline channels. Integrated online and offline strategies enhance consumer reach and operational efficiency, while enabling regional dairy companies to expand beyond their home markets.

Continuous Improvement in Supply Chain Capabilities. Dairy companies are strengthening milk source management, quality control, cold chain logistics and digital supply chain systems to improve supply stability and operational efficiency. Greater investment in automation and intelligent manufacturing is also enhancing cost control and supply chain resilience.

OVERVIEW OF CHINA’S BUFFALO DAIRY PRODUCTS MARKET

Definition and Classification of Buffalo Dairy Products

Buffalo dairy products refer to dairy products made primarily from buffalo raw milk and cow raw milk. Buffalo dairy products can be categorized into liquid milk and dry dairy products by product type. Specifically, buffalo liquid milk refers to liquid products made

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primarily from buffalo raw milk and cow raw milk, through processes such as pasteurization or sterilization and filling. Buffalo liquid milk can generally be classified into ambient (room temperature) buffalo liquid milk and buffalo low-temperature liquid milk. Ambient buffalo liquid milk refers to buffalo dairy products that can be stored and distributed at room temperature, including sterilized milk, ambient fermented milk and formulated milk. Buffalo low-temperature dairy refers to buffalo dairy products that require storage, distribution and sale under refrigerated conditions throughout the supply chain, typically at temperatures ranging from 2°C to 6°C, and are typically processed using pasteurization and other low-temperature processing technologies, including pasteurized milk and low-temperature fermented milk. Among them, formulated milk can offer a wide variety of flavors and taste. For example, regions such as Guangxi and Guangdong leverage their abundant local fruit and vegetable resources to develop products such as papaya buffalo milk and pineapple buffalo milk. Dry dairy products mainly include buffalo milk powder, buffalo cheese, buffalo cream, etc.

Comparison of Buffalo Raw Milk and Holstein Cow Raw Milk

In general, buffalo dairy products are blended with Holstein cow raw milk, as such blending helps balance nutritional composition and enhance palatability, thereby better aligning with consumer preferences. Buffalo raw milk is generally richer in total solids, protein and fat than Holstein cow milk, resulting in a richer texture and flavour. Blending the two helps moderate these characteristics while retaining the nutritional benefits of buffalo liquid milk, creating a more balanced taste profile that is more widely accepted by consumers. The proportion of buffalo milk in blended buffalo dairy products may vary depending on product positioning and target consumer preferences. For example, among pasteurised milk and sterilised milk products currently available in the market, buffalo milk content commonly ranges from approximately 10% to 50%. A higher proportion of buffalo raw milk generally provides a richer texture, creamier mouthfeel and higher levels of milk solids and certain nutrients, while a lower proportion generally delivers a milder flavour and lighter texture that may appeal to a broader consumer base. In terms of purchase prices, owing to the limited supply of buffalo raw milk, buffalo raw milk is typically procured at prices approximately three to five times those of Holstein cow raw milk.

Comparison Dimension	Buffalo Raw Milk	Holstein Cow Raw Milk
Farming Conditions	• Primarily concentrated in southern regions such as Guangxi and Guangdong	• Primarily concentrated in northern regions such as Inner Mongolia and Heilongjiang
Milk Yield per Animal	• Relatively low milk yield per animal, with the average annual milk yield of dairy buffalo typically ranging from 1.8 tonnes to 2.1 tonnes	• Relatively high milk yield per animal, with the average annual milk yield of Holstein dairy cows typically exceeding 10.0 tonnes
Milk Supply	• Relatively scarce	• Relatively sufficient
Market Awareness	• Still at a development stage, with relatively low market awareness	• After years of development, it enjoys high market awareness
Total Solids	• 18.0%-19.0%	• 13.0%-14.0%
Protein Content	• 3.8%-4.8%	• 3.0%-3.3%
Fat Content	• 5.5%-9.0%	• 3.5%-4.2%
Calcium Content	• Average calcium content of approximately 120 mg per 100 ml	• Average calcium content of approximately 100 mg per 100 ml

Note: Total solids is a key indicator of dairy products, reflecting the overall nutritional content of milk.

Source: National Institute for Nutrition and Health, Chinese Center for Disease Control and Prevention, Frost & Sullivan

The Value Chain of Buffalo Dairy Products in China

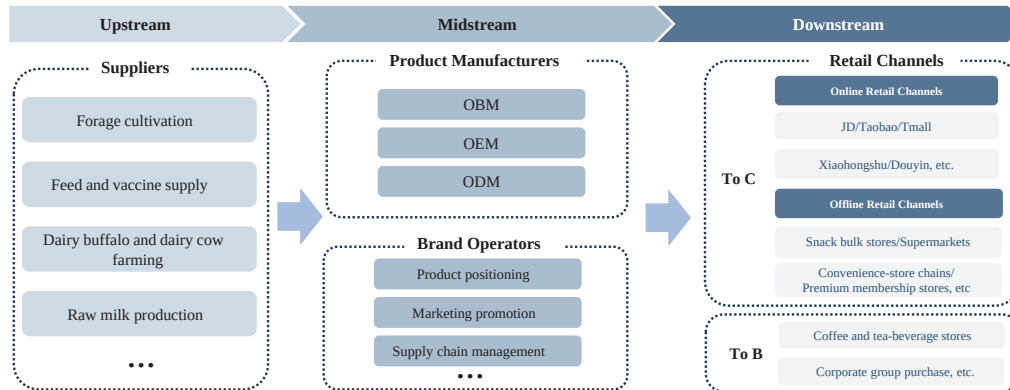
The industrial value chain of China’s buffalo dairy products market consists of upstream suppliers, midstream product manufacturers and brand operators, and downstream sales channels.

The upstream mainly includes forage cultivation, feed and vaccine supply, dairy buffalo and dairy cow farming, and raw milk production, serving as an important foundation for buffalo dairy product quality and stable supply. The midstream mainly consists of manufacturers and brand operators of buffalo dairy products. Manufacturers are responsible for the processing, production and packaging of raw milk, and can be divided into three types by production modes: (i) OBM (original brand manufacturer), (ii) OEM (original equipment manufacturer) and, (iii) ODM (original design manufacturer), while brand operators are mainly responsible for product positioning, marketing promotion and channel management. The downstream can generally be divided into consumer-facing (To C) and business-facing

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(To B) channels. To C channels mainly include online and offline retail channels. Online retail channels mainly include e-commerce platforms such as JD, Taobao, Tmall, Xiaohongshu, Douyin and other online retail channels, while offline retail channels mainly include snack bulk stores, supermarkets, convenience-store chains and premium membership stores, etc. To B channels primarily comprise coffee shops and tea beverage stores, corporate group purchasing channels and other business customers.

For low-temperature dairy products, timely cooling, collection, storage, transportation and processing are required. Therefore, different stages of the industry chain are closely connected, making it an industry with relatively high requirements for integrated operations.



Source: Frost & Sullivan

Regional Distribution of Buffalo Farming

China's buffalo farming industry is mainly concentrated in agricultural regions in the southern areas with abundant water resources, with key production areas including Guangxi, Guangdong, Yunnan, Hunan and Sichuan. These southern regions feature abundant grass resources, favorable water and heat conditions, as well as ample sugarcane straw forage resources. In the last century, China launched two large-scale buffalo introduction programs, with the imported buffaloes allocated by the Ministry of Agriculture to livestock farms in southern China for breeding. The imported buffalo breeds were well adapted to the climatic conditions in southern China and were therefore mainly distributed across Guangxi and other southern regions.

Among these regions, Guangxi has relatively strong breed resources and a solid foundation for industrial development. It has introduced and developed three river-type buffalo breeds, namely Murrah buffalo, Nili-Ravi buffalo and Mediterranean buffalo. Supported by favorable natural conditions and abundant feed resources, the buffalo dairy products industry has become one of Guangxi's distinctive and promising industries.

The Market Size of China's Buffalo Dairy Products

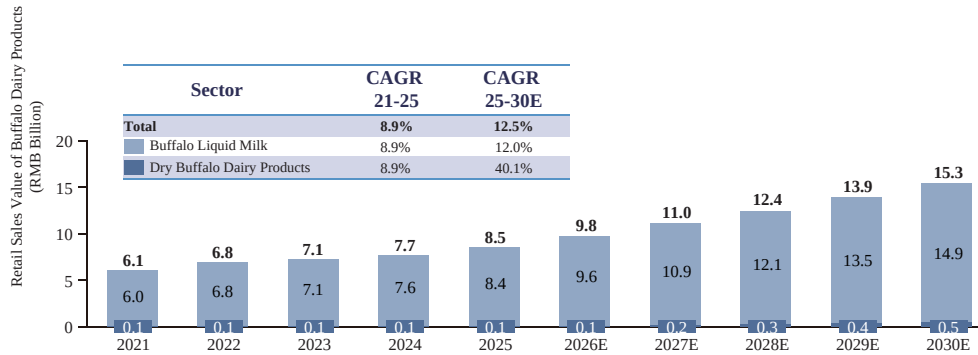
The buffalo dairy products industry in China has experienced rapid growth in recent years, with retail sales value increasing from RMB6.1 billion in 2021 to RMB8.5 billion in 2025. Compared with Holstein cow raw milk, buffalo raw milk supply is relatively limited as its production is mainly concentrated in southern regions with abundant water resources, such as Guangxi, Guangdong and Yunnan. As buffalo milk resources are relatively scarce, industry players generally prioritize the use of buffalo raw milk sources for dairy products, which tend to have higher market acceptance. Therefore, buffalo liquid milk currently remains the dominant product category within the buffalo dairy products market in China.

In 2025, buffalo liquid milk accounted for 99% of the total retail sales value of buffalo dairy products in China. From 2021 to 2025, the retail sales value of buffalo liquid milk increased from RMB6.0 billion to RMB8.4 billion, and is expected to reach RMB14.9 billion in 2030, representing a CAGR of 12.0% from 2025 to 2030. In 2025, the penetration rate of buffalo liquid milk in China's overall liquid milk market was 2.4%. By comparison, buffalo liquid milk accounted for approximately 15% of the global liquid milk market, according to data published by the OECD-FAO. The relatively low penetration rate in China indicates potential for further development of the buffalo dairy products market. Looking ahead, as consumer awareness continues to improve and application scenarios for buffalo milk expand, the penetration rate is expected to rise to 3.9% by 2030.

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With the large-scale development of buffalo breeding and continuous improvement of raw milk processing technologies, China’s buffalo dairy products industry is expected to further develop other dry buffalo dairy products such as buffalo cheese and buffalo milk powder in the future. Therefore, the retail sales value of dry buffalo dairy products is expected to reach RMB0.5 billion by 2030, recording a rapid CAGR of 40.1% from 2025 to 2030.

Retail Sales Value of Buffalo Dairy Products by Product Type (China), 2021-2030E



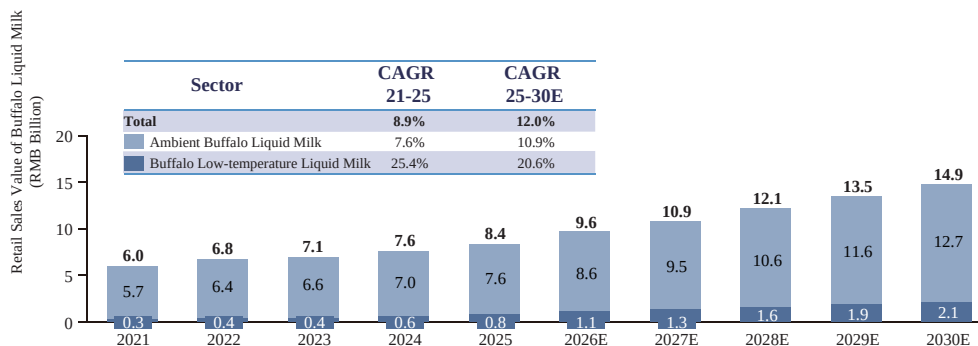
Source: China Dairy Products Industry Statistics, Guangxi Buffalo Research Institute, Frost & Sullivan

Among the buffalo liquid milk market, ambient buffalo liquid milk is the major product category. In 2025, the retail sales value of ambient buffalo liquid milk accounted for 90.0% of the overall buffalo liquid milk market. From 2021 to 2025, the retail sales value of ambient buffalo liquid milk increased from RMB5.7 billion to RMB7.6 billion, and is expected to reach RMB12.7 billion by 2030, representing a CAGR of 10.9% from 2025 to 2030.

Buffalo low-temperature liquid milk typically require higher standards for the freshness and hygiene quality of raw milk, as well as processing, storage and transportation conditions. The entire process generally relies on a cold chain system, resulting in a relatively shorter shelf life. In addition, the development of low-temperature liquid milk is also constrained by factors such as the location of milk sources and cold chain logistics capabilities. Therefore, buffalo low-temperature liquid milk currently accounts for a relatively small proportion of the overall buffalo liquid milk market. In 2025, the retail sales value of buffalo low-temperature liquid milk reached RMB0.8 billion, accounting for 10.0% of the overall buffalo liquid milk market.

In the future, as consumers’ health awareness continues to increase, a growing number of consumers are expected to choose healthier and higher-quality dairy products. Low-temperature liquid milk better preserves natural active nutrients in milk, perfectly meeting consumer demand for consumption upgrading. Meanwhile, the continuous improvement of cold chain infrastructure and the growing popularity of instant delivery services such as fresh grocery platforms have enabled consumers to purchase low-temperature dairy products more conveniently. Therefore, in 2030, the retail sales value of buffalo low-temperature liquid milk is expected to reach RMB2.1 billion, representing a CAGR of 20.6% from 2025 to 2030, and accounting for 14.4% of the buffalo liquid milk market in China.

Retail Sales Value of Buffalo Liquid Milk by Product Type (China), 2021-2030E



Source: China Dairy Products Industry Statistics, Guangxi Buffalo Research Institute, Frost & Sullivan

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Market Drivers of China’s Buffalo Dairy Products Industry

Increase in Health Awareness and Per Capita Disposable Income Drives the Consumption Growth. As consumers become more health conscious, they are gradually shifting from basic dairy products to dairy products with stronger nutritional features and greater differentiation, while placing greater emphasis on nutritional value when selecting dairy products. Buffalo dairy products typically contain higher levels of milk protein, milk fat, calcium and other nutrients, with a rich taste and relatively high nutritional density, which aligns well with consumers’ demand for high-quality and nutritious dairy products. Also, with the continued increase in per capita disposable income, consumers are more willing to pay for products with distinctive milk sources and higher nutritional value. Against this backdrop, consumers are shifting toward premium and differentiated dairy products, thereby supporting the growing market of buffalo dairy products.

Differentiated Milk Source Advantages Promote Market Development. As consumer demand becomes increasingly diversified and segmented, demand for niche and specialty dairy products continues to rise. With its distinctive milk source characteristics, buffalo dairy products can differentiate themselves from other dairy products and form differentiated competition in the market. At the same time, such differentiated milk source advantages also help enterprises strengthen brand positioning, and further promote the development of China’s buffalo dairy products market.

Continuous Improvement of the Industrial Foundation in Core Production Areas Provides Support for Industry Development. The development of China’s buffalo dairy products relies on infrastructure development in core production areas, such as the upgrading and construction of smart farms and the wider application of advanced facilities and equipment for automatic temperature and humidity control. Moreover, cooperation among leading enterprises, research institutions and other participants in core production areas has continued to strengthen, driving the improvement of quality testing, cold chain storage, transportation and other related processes. This helps enhance the stable supply capacity of buffalo dairy products and provides support for the development of the industry.

Channel and Scenario Innovation. The rapid development of e-commerce platforms, content platforms, community group-buying and other channels helps broaden consumer reach and support market development. Meanwhile, the application of buffalo milk in offline and cross-category scenarios, such as coffee, tea beverages and bakery products, continues to expand. This has driven demand for products such as buffalo milk lattes and supported the expansion of buffalo dairy products from household consumption to commercial applications. In addition, downstream channels such as supermarkets are increasingly leveraging consumer preferences and consumption trends to formulate differentiated requirements for product specifications and formulations, thereby driving buffalo dairy product manufacturers to develop customized products. This further enriches product offerings and supports the continued growth of the buffalo dairy products market.

Supportive Policies. According to the “*Action Plan for Enhancing the Competitiveness of the Dairy Industry during the 14th Five-Year Plan Period*” (《“十四五”奶業競爭力提升行動方案》) issued by the Ministry of Agriculture and Rural Affairs, support should be given to dairy product processing, local resource advantages should be fully leveraged, dairy products suitable for different consumer groups should be developed, and specialty dairy products such as buffalo milk, goat milk, and yak milk should be promoted. Also, the State Council issued the *Plan for Accelerating Agricultural and Rural Modernization during the 15th Five-Year Plan Period* (《加快農業農村現代化“十五五”規劃》), which calls for accelerating the development of the forage industry, promoting the transformation and upgrading of grassland animal husbandry, and enhancing the competitiveness of the dairy industry. By 2035, agricultural modernization is expected to be largely achieved, with significant progress made in building China into an agricultural powerhouse. As one of the major buffalo dairy production areas in China, Guangxi has also introduced local supportive policies to promote the development of the buffalo dairy products industry. For example, the Notice on “*Several Measures to Support the Development of the Buffalo Dairy Products Industry in Guangxi*” (《廣西支持水牛奶業發展若干措施的通知》) issued by the General Office of the People’s Government of Guangxi Zhuang Autonomous Region proposes a series of measures, including accelerating the renewal of dairy buffalo breeding resources in Guangxi, vigorously implementing dairy buffalo crossbreeding improvement projects, and encouraging leading dairy enterprises to play a demonstrative role, with a view to developing the buffalo dairy products industry into a competitive local specialty agricultural industry in Guangxi.

Future Trends of China’s Buffalo Dairy Products Industry

Continued Strengthening of Milk Source Scarcity and Specialty Positioning. Compared with the farming of regular Holstein cows, buffalo farming is relatively concentrated in

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certain regions, and large-scale supply capacity remains limited, resulting in a certain degree of scarcity in raw milk supply. In the long term, with continuous improvements in breeding technologies and the gradual development of high-quality breeding stock systems, buffalo farming is expected to have certain potential for herd expansion and large-scale development, although supply constraints are likely to remain in the short term. Therefore, enterprises are expected to place emphasis on differentiated features such as distinctive milk sources and nutritional density in product development and brand promotion, while strengthening category awareness through product portfolios including liquid milk, fermented milk and formulated milk. Building a specialty positioning based on scarce milk sources has become one of the key future developments of the buffalo dairy products market.

Enhanced Industrial Chain Integration. On the one hand, by establishing a circular agricultural value chain such as “straw–cattle farming–organic fertilizer,” resource utilization efficiency can be effectively improved. On the other hand, through a full industrial chain spanning “dairy buffalo breeding–milk collection and processing–deep processing of dairy products,” the supply stability and quality of buffalo dairy products can be further enhanced. Therefore, the increasing level of industrial chain integration has become one of the key development trends in the buffalo dairy products industry.

Digitalized Farming and Standardized Management. With the continuous increase in farming scale and consumers’ rising requirements for dairy product quality and safety, traditional farming and farm management are gradually undergoing transformation. By introducing digital tools such as IoT-based monitoring, intelligent feeding systems, and real-time environmental data collection, enterprises are able to conduct full-process, dynamic management of dairy buffalo health conditions and breeding environments. Also, the establishment of standardized management systems helps unify production protocols and ensure product quality consistency. Therefore, the buffalo dairy products market is expected to gradually evolve toward digitalized farming and standardized management.

Multi-scenario Application Expansion. Owing to the relatively high protein content and rich taste, buffalo milk has been increasingly applied across foodservice channels, bakery and dessert products, coffee and tea beverages, as well as food processing. For example, buffalo milk is used to replace cow milk as a beverage base in tea drinks, or featured in signature products such as “buffalo milk latte,” which highlights its natural and healthy attributes. It can also be used in bakery formulations, helping to enhance milk flavor and improve texture complexity. As demand from both household and B-end segments continues to grow, the market potential for buffalo dairy products is expected to further expand.

Green and Sustainable Development. Against the backdrop of “dual carbon” goals, the industry has been placing increasing emphasis on resource utilization efficiency. For example, the integration of buffalo farming with straw-based feed systems helps facilitate the recycling of agricultural waste. In addition, enterprises can reduce carbon emissions across farming and processing stages by optimizing feed composition, enhancing manure treatment capabilities, and promoting the adoption of clean energy. Looking ahead, green and sustainable development is expected to further drive the buffalo dairy products market toward a higher-quality growth path with lower environmental impact.

Opportunities and Challenges of China’s Buffalo Dairy Products Industry

Opportunities:

Digitalized Marketing and Diversified Sales Channels. Marketing approaches represented by social media content marketing, livestream e-commerce and KOL recommendations are enhancing the market exposure and consumer awareness of buffalo dairy products. Meanwhile, the development of new retail models such as community group buying and O2O delivery services helps shorten distribution channels and improve channel coverage efficiency. Therefore, digitalized marketing and diversified sales channels are creating new growth opportunities for the buffalo dairy products market.

Policy support and agricultural modernization. China’s buffalo dairy products market is benefiting from continued policy support and improvements in the industry environment. In particular, policies, especially in Guangxi, are promoting standardization, breed improvement and disease prevention, while the modernization of agricultural production is improving farming efficiency. Together, these developments are creating growth opportunities and supporting the high-quality development of the industry.

Challenges:

Upstream Production Constraints and Supply Limitations. The development of the buffalo dairy products industry is constrained by the limited supply of buffalo raw milk. Compared with Holstein cows, dairy buffalos generally have a longer breeding cycle and lower

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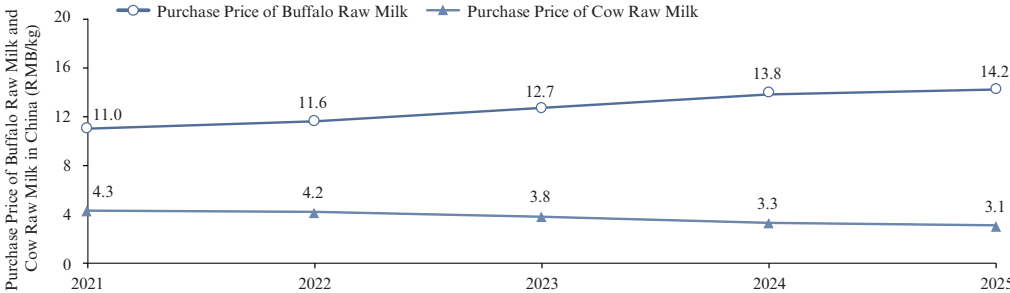
milk yield per animal, resulting in lower production efficiency and a slower expansion of milk supply. In addition, dairy buffalos have relatively stringent requirements for climatic and environmental conditions, and are primarily raised in specific regions with suitable temperatures, humidity levels and forage resources. As a result, buffalo farming remains geographically concentrated, limiting the scalability of production and the flexibility of supply. Against the backdrop of growing consumer demand for buffalo dairy products, the relatively limited supply of buffalo raw milk may continue to pose challenges to the sustainable expansion of the industry.

Purchase Price of Buffalo Raw Milk and Cow Raw Milk

The purchase price of cow raw milk reached RMB4.3 per kg in 2021 and declined to RMB3.1 per kg in 2025, primarily due to the continued expansion of large-scale dairy farms, which led to a rapid increase in milk supply. As demand growth lagged behind the capacity expansion, the market experienced an oversupply situation, resulting in a decline in raw milk prices.

After years of development, Holstein dairy cattle farming has established a relatively mature industry system. In contrast, dairy buffalo farming is still at a developing stage, with farming activities relatively concentrated in certain regions. Therefore, compared with Holstein dairy cattle, the supply of buffalo milk is relatively limited, leading to relatively higher prices. The purchase price of buffalo raw milk is generally three to five times that of cow raw milk, ranging between RMB11-15 per kg from 2021 to 2025. At present, the dairy buffalo farming industry is still in a developing stage, with geographically concentrated production regions and relatively low milk yield per animal, making it difficult for raw milk supply to increase significantly in the short term. Meanwhile, with the continued expansion of To B end cross-category application scenarios such as coffee, tea beverages and bakery products, market demand is steadily increasing. Against the backdrop, the purchase price of buffalo raw milk is expected to show a mild upward trend in the future, while generally remaining within a relatively stable price range. The above price trends are based on the national market, while regional purchase prices may vary due to factors such as local supply and demand conditions, transportation costs and market environment. Moreover, changes in raw material purchase prices may not be immediately or fully reflected in selling prices. The selling prices of buffalo dairy products are generally affected by multiple factors, including raw material costs, market supply and demand, sales channels and pricing strategies.

Purchase Price of Buffalo Raw Milk and Cow Raw Milk (China), 2021-2025



Source: Ministry of Agriculture and Rural Affairs, Guangxi Buffalo Research Institute, Frost & Sullivan

COMPETITIVE LANDSCAPE OF CHINA’S BUFFALO DAIRY PRODUCTS MARKET

Based on the retail sales value of buffalo liquid milk in 2025, the Group ranked No.1 in China’s buffalo dairy products market. The buffalo dairy products market in China is relatively concentrated. In 2025, the top five companies in China accounted for a market share of approximately 66.2% in terms of the retail sales value of buffalo liquid milk, with the Group holding a market share of 31.0%.

Top Five Companies by Retail Sales Value of Buffalo Liquid Milk in China, 2025

Ranking	Company	Retail Sales Value of Buffalo Liquid Milk (RMB Billion)	Market Share (%)
1	The Group	2.61	31.0%
2	Company A	1.54	18.3%
3	Company B	0.64	7.6%
4	Company C	0.40	4.8%
5	Company D	0.38	4.5%
Top Five		5.57	66.2%
Total		8.42	100.0%

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Notes:

1. Company A, founded in 2001 and listed on the Shenzhen Stock Exchange, is primarily engaged in the production and sale of a comprehensive range of dairy products, including buffalo liquid milk, milk-containing beverages, and other dairy-related products.
2. Company B, founded in 2002 and headquartered in Guangxi, is primarily engaged in the production and sale of buffalo dairy products, including buffalo liquid milk and other dairy-related products.
3. Company C, founded in 2014 and headquartered in Guangdong, is primarily engaged in sale of dairy products, including buffalo liquid milk, cow liquid milk and other dairy-related products.
4. Company D, founded in 2015 and headquartered in Guangxi, is primarily engaged in sale of buffalo liquid milk.

Source: Frost & Sullivan

Based on the retail sales value of ambient buffalo liquid milk in 2025, the Group ranked No.1 in China’s buffalo dairy products market. In 2025, the top five companies in China accounted for a market share of approximately 63.0% in terms of the retail sales value of ambient buffalo liquid milk, with the Group holding a market share of 31.8%.

Top Five Companies by Retail Sales Value of Ambient Buffalo Liquid Milk in China, 2025

Ranking	Company	Retail Sales Value of Ambient Buffalo Liquid Milk (RMB Billion)	Market Share (%)
1	The Group	2.41	31.8%
2	Company A	0.96	12.7%
3	Company B	0.62	8.2%
4	Company C	0.40	5.3%
5	Company D	0.38	5.0%
	Top Five	4.77	63.0%
	Total	7.58	100.0%

Source: Frost & Sullivan

Based on the online retail sales value of buffalo liquid milk in 2025, the Group ranked No.1 in China’s buffalo dairy products market. In 2025, the top five companies in China accounted for a market share of approximately 69.1% in terms of the online retail sales value of buffalo liquid milk, with the Group holding a market share of 39.1%.

Top Five Companies by Online Retail Sales Value of Buffalo Liquid Milk in China, 2025

Ranking	Company	Online Retail Sales Value of Buffalo Liquid Milk (RMB Billion)	Market Share (%)
1	The Group	0.99	39.1%
2	Company C	0.25	9.9%
3	Company D	0.24	9.5%
4	Company E	0.15	5.9%
5	Company A	0.12	4.7%
	Top Five	1.75	69.1%
	Total	2.53	100.0%

Note:

1. Company E, founded in 2017 and headquartered in Guangdong, is primarily engaged in sale of infant food and dairy products, including buffalo liquid milk and other nutritional products.

Source: Frost & Sullivan

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Based on the retail sales value of buffalo liquid milk in China in 2025, the Group’s Baifeilao brand has become the No.1 brand in China’s buffalo dairy products industry, with a market share of 30.1%.

In July 2026, Frost & Sullivan conducted an online questionnaire survey with 1,000 participants randomly selected across 10 cities in China, covering first-tier, new first-tier and second-tier cities, to better understand the market from a consumer perspective. According to the survey results, Baifeilao ranked first among buffalo liquid milk brands in consumer awareness, purchase penetration and consumer satisfaction, demonstrating its strong brand recognition, purchase conversion and consumer loyalty.

Entry Barriers of China’s Buffalo Dairy Products Industry

Milk Source Barrier. China’s buffalo dairy products market is highly dependent on milk source availability. As buffalo farming is mainly concentrated in limited regions such as Guangxi and buffalo milk supply remains relatively limited, high-quality buffalo milk resources are relatively scarce. Leading companies typically secure stable milk supply through farming cooperatives, third-party dairy farms and self-operated dairy farms, creating relatively high entry barriers.

Brand Barrier. Buffalo dairy products are generally positioned in the mid-to-high-end dairy products market, where consumers place strong emphasis on brand reputation, product quality and food safety. Leading brands have established strong consumer recognition and trust through long-term market cultivation, while new entrants usually require substantial time and marketing investment to build market influence.

Channel Barrier. Dairy products require strong distribution and logistics capabilities. Industry participants generally need to establish diversified sales channels covering supermarkets, e-commerce platforms, convenience stores and distributor networks. Leading companies have already developed relatively comprehensive channel networks and terminal resources, creating challenges for new entrants in channel expansion and product placement.

Technological Barrier. Compared with conventional cow milk, buffalo dairy products require higher standards in production processes, product stability and quality control. In addition, liquid milk requires stringent cold chain transportation and food safety management systems. Leading companies have established technological advantages through long-term technological accumulation and continuous R&D investment.

SOURCES OF THE INDUSTRY INFORMATION

We commissioned Frost & Sullivan to analyse and prepare a report regarding China’s buffalo dairy products industry during the period of 2021 to 2030. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York, offering industry research and market strategies and provides growth consulting and corporate training. We agreed to pay Frost & Sullivan a fee of RMB600,000 for the commissioned report pursuant to a service agreement reached by arm’s length negotiation. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report.

In preparing for the report, Frost & Sullivan conducted both primary and secondary research and relied on various sources. The primary research was conducted via interviews with key industry experts and leading industry participants. The secondary research involved analysis of market data obtained from several publicly available data sources, such as World Bank, National Bureau of Statistics of China and other industrial associations. The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) China’s social, economic, and political environment are expected to remain stable during the forecast period; (ii) China’s economic and industrial development are likely to maintain a steady growth in the forecast period; (iii) related industry key drivers are likely to drive the growth of China’s buffalo dairy products industry in the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries and exercising reasonable care, there is no material adverse change in the market information since the date of the relevant data contained in the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.