Date : 20 October 2025

For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

Name: Terry Tse
Title: Consulting Director

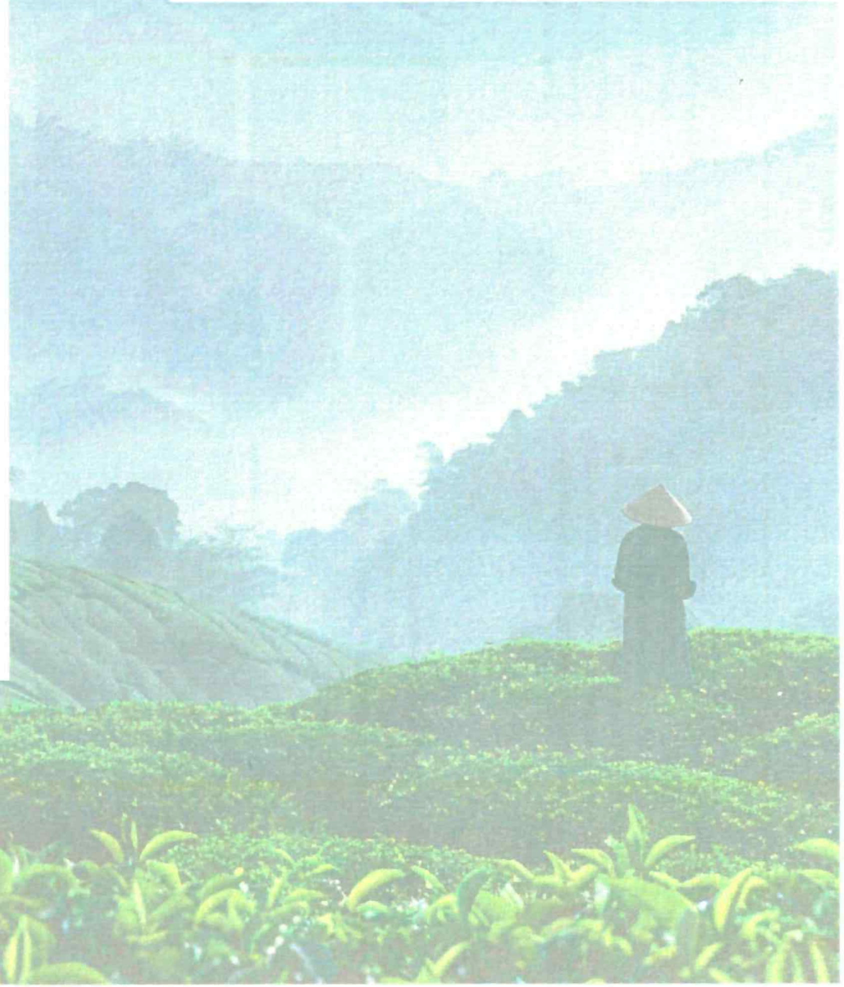
Confidential

China's Tea Market

Independent Market Research

八马茶业
BAMA TEA

FROST & SULLIVAN



Limitations

Source of Information

- Interviews with industry experts and competitors will be conducted on a best-effort basis to collect information for in-depth analysis for this report.
- Frost & Sullivan will not be responsible for any information gaps where Interviewees have refused to disclose confidential data or figures.

- The study took 2024 as the base year for analysis and 2025-2029 for forecast. However, some of the figures of 2024 may not have become available from public statistical sources at the time when we conducted research for this report. Frost & Sullivan will use the latest information available (e.g. 2023) or make projections based on historical trends.

Official statistical sources

Market indicators for modeling

Industry expert interview

- Under circumstances where information is not available, Frost & Sullivan in-house analysis will be leveraged using appropriate models and indicators to arrive at an estimate.

- Sources of information and data will be clearly stated in the bottom right hand corner on each slide for reference.

Scope

The project scope is defined as follows:

Research Period	• Historical Period: 2020-2024 • Base Year: 2024 • Forecast Period: 2025E-2029E
Research Coverage	• Global, China
Service Scope	• Macroeconomics • China's Tea Market • China's Premium Tea Leaves Market • Competitive Landscape

Methodologies and Assumptions

Methodologies and Assumptions

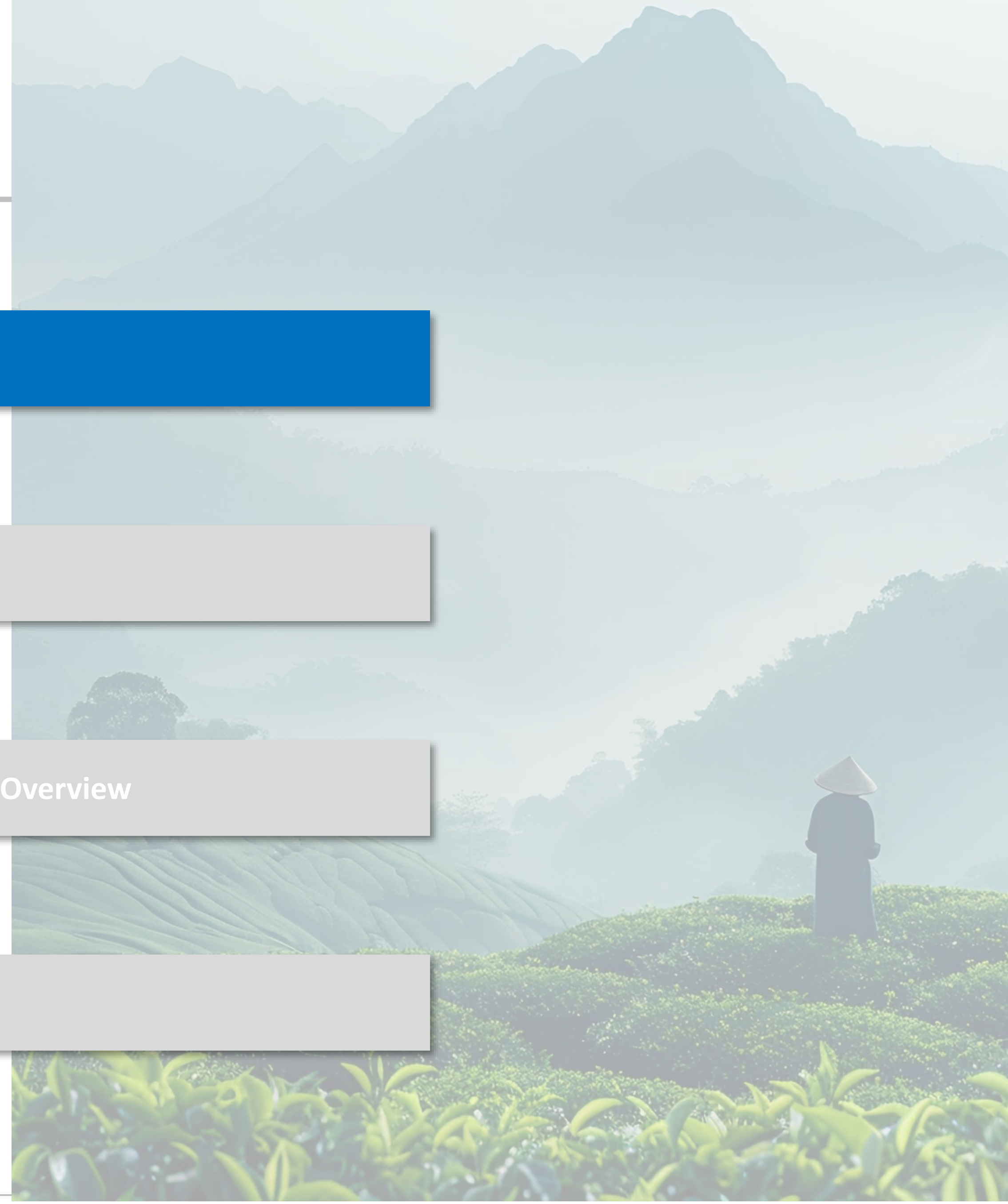
- Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom.

- The Frost & Sullivan's report includes information on China's tea market, tea leaves market, and premium tea market. Frost & Sullivan has conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants. Frost & Sullivan has also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan has obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers.

- Frost & Sullivan's Market Engineering Forecasting Methodology integrates several forecasting techniques with the Market Engineering Measurement-based System. It relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements include:
    - ✓ Expert-opinion forecasting methodology
    - ✓ Integration of market drivers and restraints
    - ✓ Integration with the market challenges
    - ✓ Integration of the Market Engineering Measurement trends
    - ✓ Integration of econometric variables

- In compiling and preparing the Report, Frost & Sullivan has adopted the following assumptions:
  - ✓ Global social, economic and political environment is likely to remain stable in the forecast period
  - ✓ Purchasing power is expected to continue to rise rapidly in emerging regions and to grow steadily in developed regions
  - ✓ Related industry key drivers are likely to drive the market in the forecast period
- **The market research was completed in June 2025.**

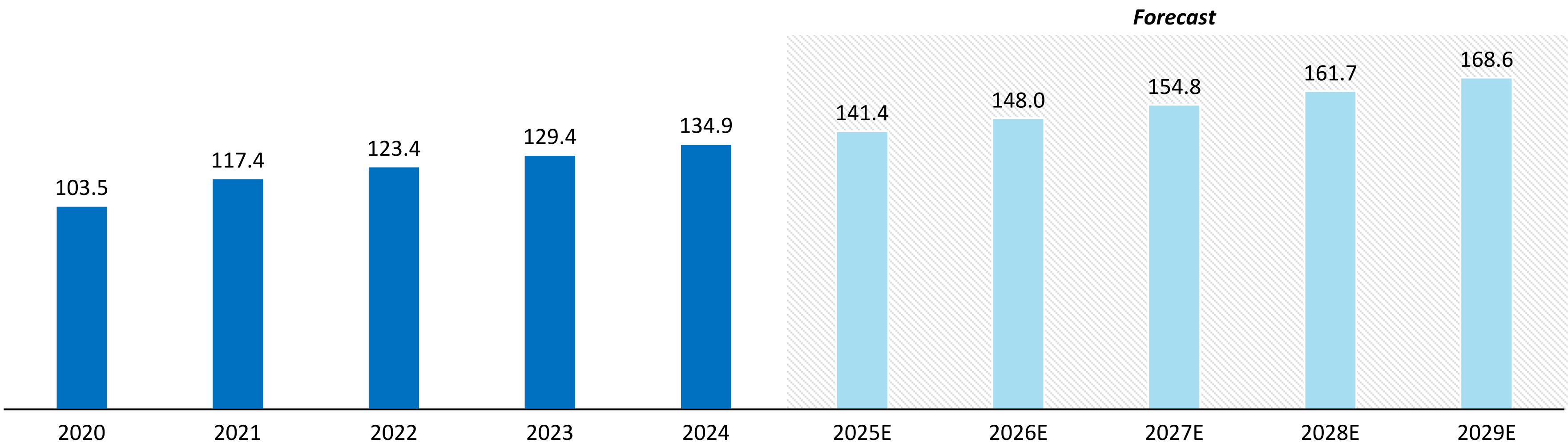
Agenda



Nominal GDP

Nominal GDP, China
RMB Trillion; 2020-2029E

CAGR	2020-2024	2024-2029E
Nominal GDP	6.9%	4.6%



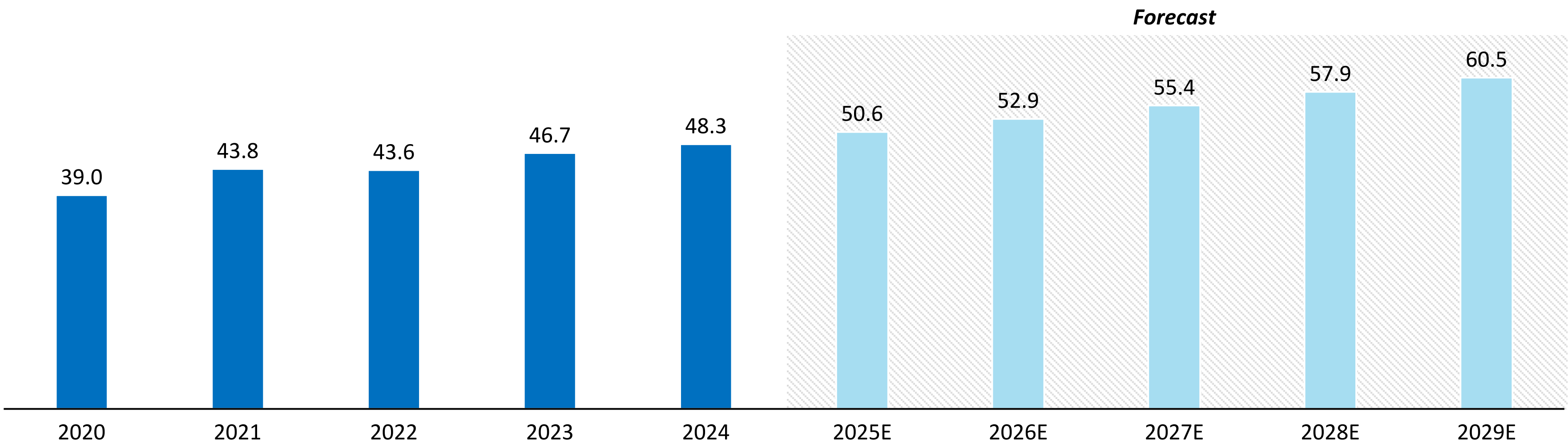
- China's nominal GDP experienced steady growth from 2020 to 2024, reflecting its robust economic performance. China's nominal GDP increased from approximately RMB103.5 trillion in 2019 to approximately RMB134.9 trillion in 2024 with a CAGR of approximately 6.9%, placing itself as the second-largest economy in terms of nominal GDP in 2024, following the United States. From 2024 to 2029, it is expected that nominal GDP will maintain their economic trajectory, albeit at a moderated pace due to various factors such as economic policies and global economic conditions. Predictably, nominal GDP will reach approximately RMB168.6 trillion by 2029 with a CAGR of approximately 4.6% from 2024 to 2029.

Source: National Bureau of Statistics of China, Frost & Sullivan Analysis and Estimates

Total Retail Sales Value of Consumer Goods

Total Retail Sales Value of Consumer Goods, China
RMB Trillion; 2020-2029E

CAGR	2020-2024	2024-2029E
Total Retail Sales Value of Consumer Goods	5.5%	4.6%



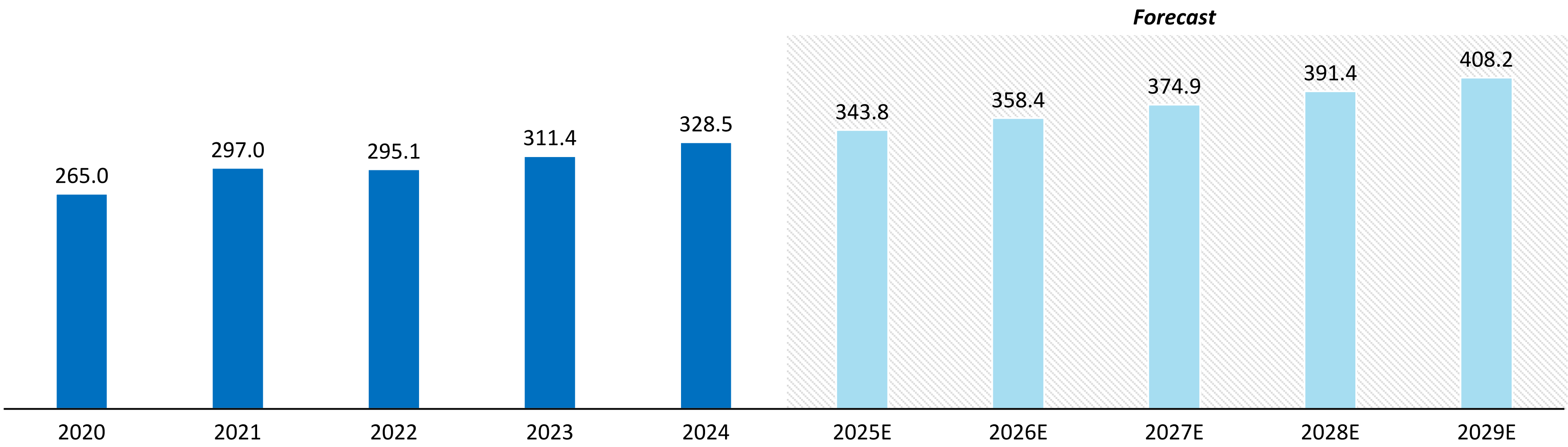
- Driven by strong domestic consumption, China's total retail sales of consumer goods increased from approximately RMB39.0 trillion in 2020 to approximately RMB48.3 trillion in 2024, representing a CAGR of approximately 5.5% during the 5-year period. The growth was mainly attributable to several factors such as rising incomes, urbanization, and government initiatives to boost consumer spending. From 2024 to 2029, it is expected that China's total retail sales of consumer goods will continue growing due to robust domestic consumption demand and the government's Four Trillion Economic Stimulus Plan, reaching approximately RMB60.5 trillion by 2029.

Source: National Bureau of Statistics of China, Frost & Sullivan Analysis and Estimates

Production Value of the Agricultural Sector

Production Value of the Agricultural Sector, China
RMB Billion; 2020-2029E

CAGR	2020-2024	2024-2029E
Production Value of the Agricultural Sector	5.5%	4.4%



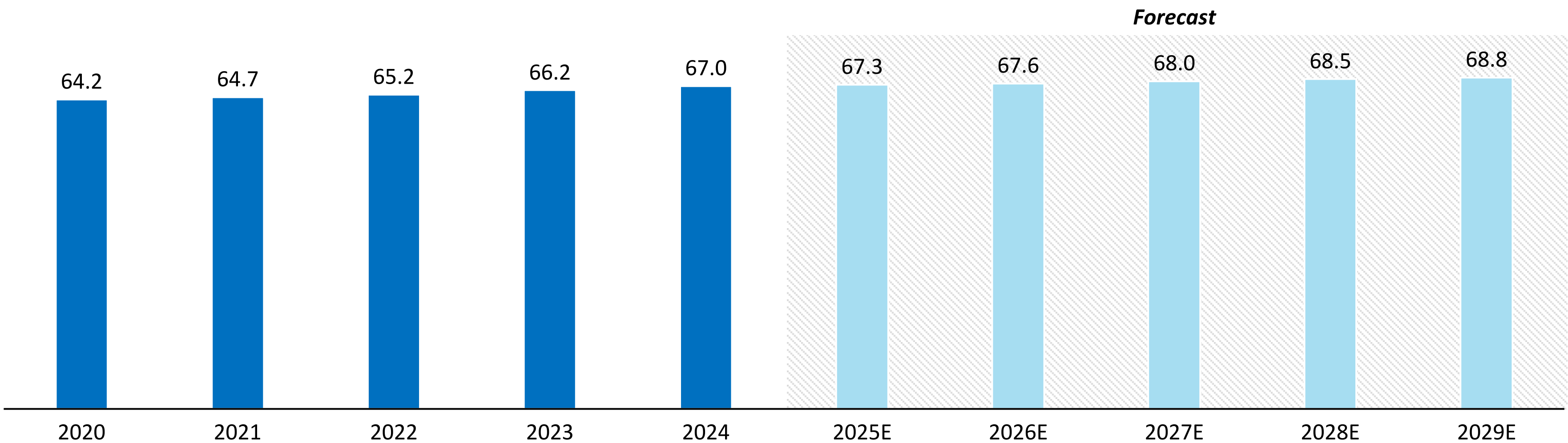
- China's "14th Five-Year Plan" emphasizes prioritizing agricultural and rural development, advancing rural revitalization, and accelerating agricultural modernization. As support for agricultural production increases, China's production value of the agricultural sector increased from approximately RMB265.0 billion in 2020 to approximately RMB328.5 billion in 2024, representing a CAGR of approximately 5.5% from 2020 to 2024. By 2029, China's production value of the agricultural sector is expected to continue its upward trend, reaching approximately RMB408.2 billion, representing a CAGR of approximately 4.4% from 2024 to 2029.

Source: National Bureau of Statistics of China, Frost & Sullivan Analysis and Estimates

Urbanization Rate

Urbanization Rate, China
%; 2020-2029E

CAGR	2020-2024	2024-2029E
Urbanization Rate	1.1%	0.5%



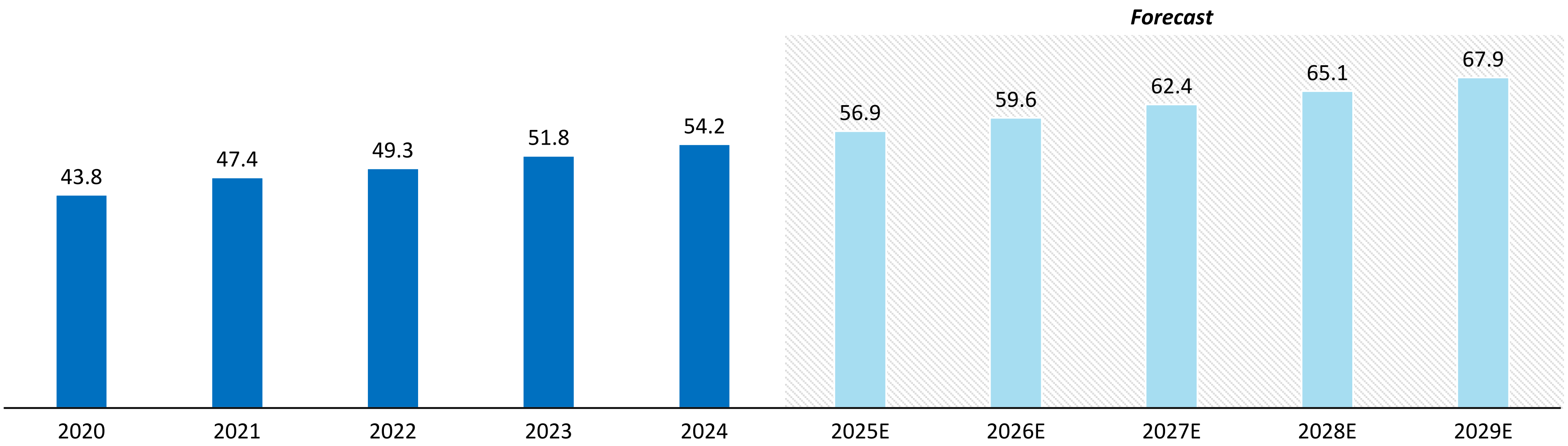
- With the continued push for new urbanization initiatives and growing mobility of the population, China's urban population has increased steadily. Between 2020 and 2024, the urbanization rate increased from approximately 64.2% to approximately 67.0%, representing a CAGR of approximately 1.1% during the period. This trend is expected to persist, with the urbanization rate projected to reach approximately 68.8% by 2029, representing a CAGR of approximately 0.5% from 2024 to 2029.

Source: National Bureau of Statistics of China, Frost & Sullivan Analysis and Estimates

Per Capita Annual Disposable Income of Urban Residents

Per Capita Annual Disposable Income of Urban Residents, China
RMB Thousand; 2020-2029E

CAGR	2020-2024	2024-2029E
Per Capita Annual Disposable Income of Urban Residents	5.5%	4.6%



- In line with the expansion of China's macro economy from 2020 to 2024, the per capita disposable income showed a consistent upward trend, increasing from approximately RMB43.8 thousand in 2020 to approximately RMB54.2 thousand in 2024 with a CAGR of approximately 5.5% during the period. It is expected that the increasing trend of per capita disposable income is likely to continue but with a relatively slower pace of growth, reaching approximately RMB67.9 thousand by 2029.

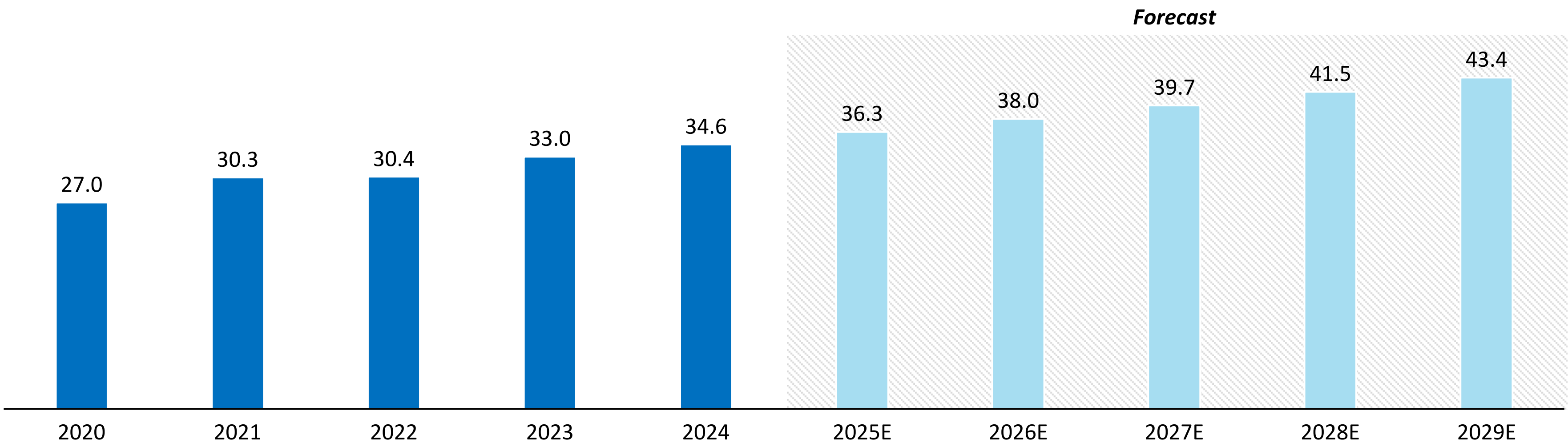
Source: National Bureau of Statistics of China, Frost & Sullivan Analysis and Estimates

Per Capita Annual Consumption Expenditure of Urban Residents

Per Capita Annual Consumption Expenditure of Urban Residents, China

RMB Thousand; 2020-2029E

CAGR	2020-2024	2024-2029E
Per Capita Annual Consumption Expenditure of Urban Residents	6.4%	4.6%



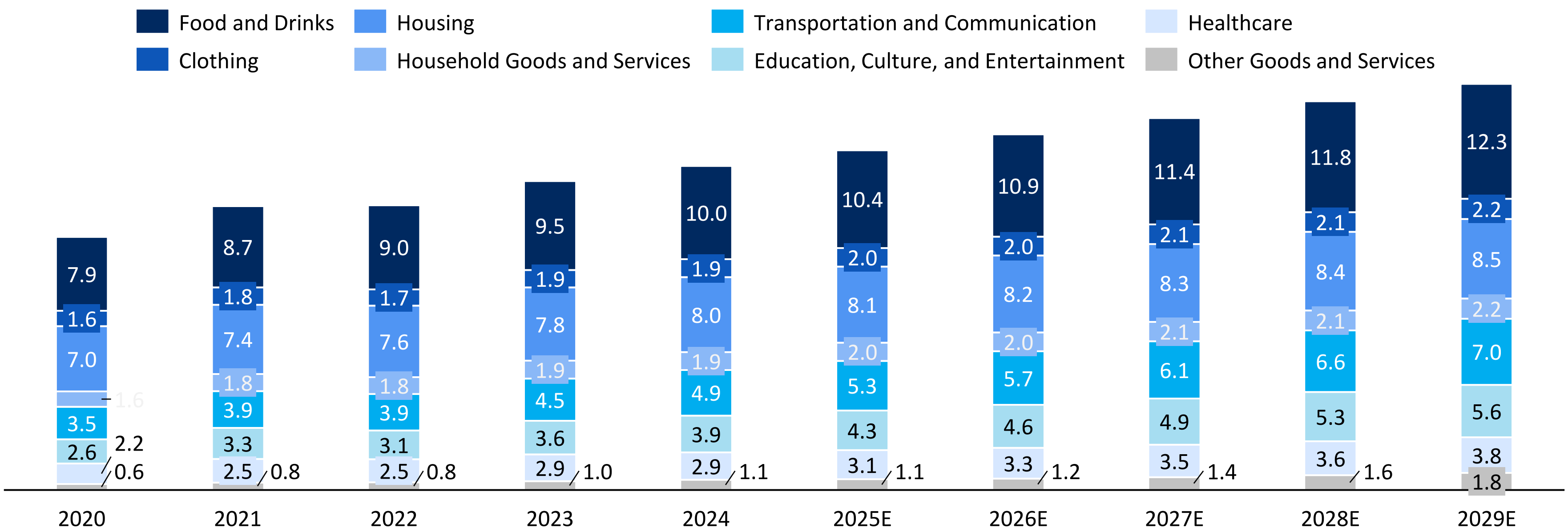
➢ Synchronizing with the increase of China’s per capita disposable income from 2020 to 2024, the per capita annual consumption expenditure showed a similar trend during the 5-year period, increasing from approximately RMB27.0 thousand in 2020 to approximately RMB34.6 thousand in 2024 with a CAGR of approximately 6.4% from 2020 to 2024. This growth was fueled by rising disposable incomes and government initiatives to promote domestic consumption such as distributing consumption vouchers. Driven by China’s economic development, the per capita consumption expenditure is expected to continue increasing, reaching approximately RMB43.4 thousand by 2029 with a CAGR of approximately 4.6% from 2024 to 2029.

Source: National Bureau of Statistics of China, Frost & Sullivan Analysis and Estimates

Per Capita Annual Consumption Expenditure of Urban Residents by Category

Per Capita Annual Consumption Expenditure by Category of Urban Residents, China
RMB Thousand; 2020-2029E

CAGR	Food & Drinks	Clothing	Housing	Household Goods and Services	Transportation & Communication	Education, Culture, and Entertainment	Healthcare	Other Goods and Services
2020-2024	6.0%	3.8%	3.6%	3.8%	8.8%	11.0%	7.7%	13.9%
2024-2029E	4.3%	2.6%	1.2%	2.6%	7.6%	7.4%	5.4%	10.7%



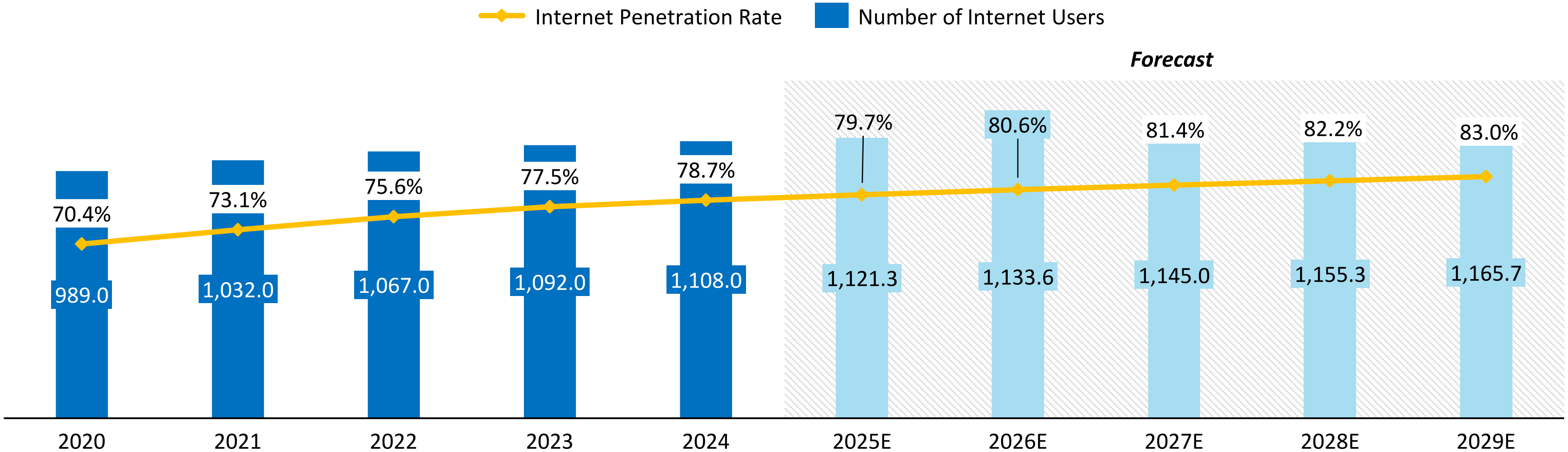
- In 2024, urban residents spend most on food and drinks, followed by housing and transportation, with these three categories accounting for approximately 66.0% of total consumer expenditure. As there is marked improvement in living standards, consumer demand has become more diverse, going beyond basic needs, and they have new requirements on the food and drinks consumption in the forecast period due to the improvement of living standards. For instance, consumers may increasingly prefer high-end culture value added drinks, and value the shopping experiences, customer services and health and wellness of the foods and drinks they purchase.

Source: National Bureau of Statistics of China, Frost & Sullivan Analysis and Estimates

Total Number of Internet Users and Internet Penetration Rate

Total Number of Internet Users , China
Million; %; 2020-2029E

CAGR	2020-2024	2024-2029E
Total Number of Internet Users	2.9%	1.0%



Note: The internet penetration rate refers to the number of internet users as a percentage of the total population.

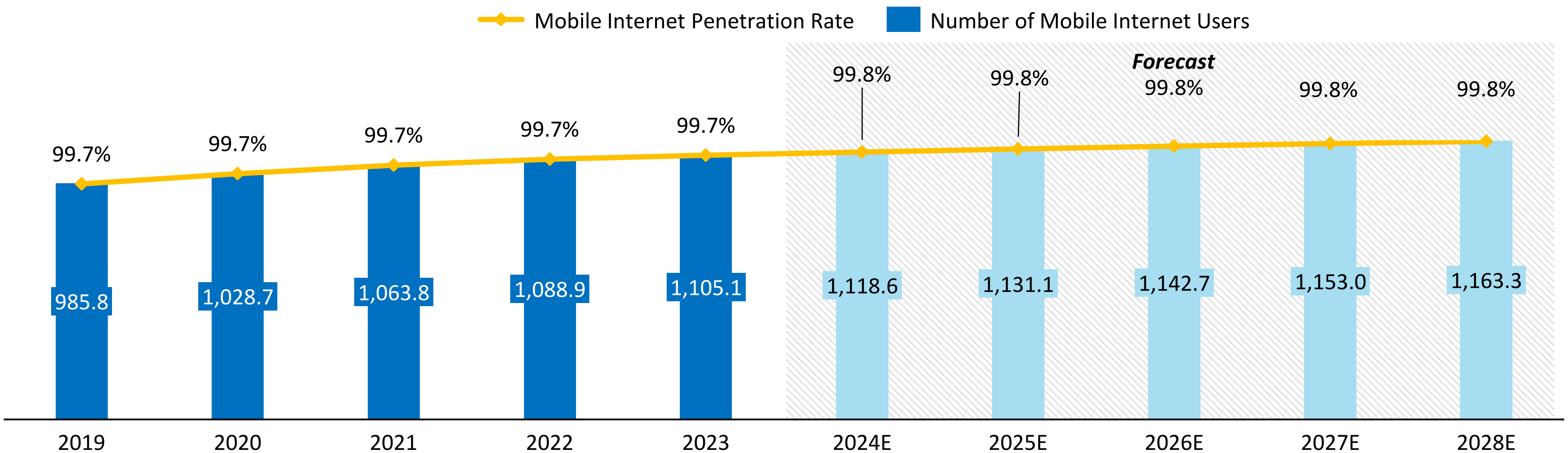
- China experienced steady growth in the total number of internet users from 2020 to 2024, mainly driven by increased internet access in rural areas, improved infrastructure, and digital literacy efforts. The number of internet users increased from approximately 989.0 million in 2020 to approximately 1,108.0 million in 2024, representing a CAGR of approximately 2.9% during the 5-year period. It is expected that the increasing trend of the number of internet users will continue but at a slower growth rate as the internet infrastructure matures and penetration rate approaches saturation. Predictably, the total number of internet users in China is expected to reach approximately 1,165.7 million in 2029, representing a CAGR of approximately 1.0% from 2024 to 2029.

Source: China Internet Network Information Center, Frost & Sullivan Analysis and Estimates

Total Number of Mobile Internet Users and Mobile Internet Penetration Rate

Total Number of Mobile Internet Users , China
Million; %; 2020-2029E

CAGR	**2020-2024**	**2024-2029E**
Total Number of Mobile Internet Users	2.9%	1.0%



Note: The mobile internet penetration rate refers to the number of mobile internet users as a percentage of the total population.

- Fueled by the proliferation of affordable smartphones and other connected devices, mobile devices became the primary means of accessing the internet for many Chinese consumers, driving increased mobile internet usage across various scenarios such as social media, e-commerce, and entertainment. The number of mobile internet users increased from approximately 985.8 million in 2020 to approximately 1,105.1 million in 2024, representing a CAGR of approximately 2.9% during the 5-year period. It is expected that the advancements in mobile technology such as 5G network can drive further expansion in the number of mobile internet users, although the rate of growth will be slower as penetration rate approaches saturation. Predictably, the number of mobile internet users in China is expected to reach approximately 1,163.3 million in 2029, representing a CAGR of approximately 1.0% from 2024 to 2029.

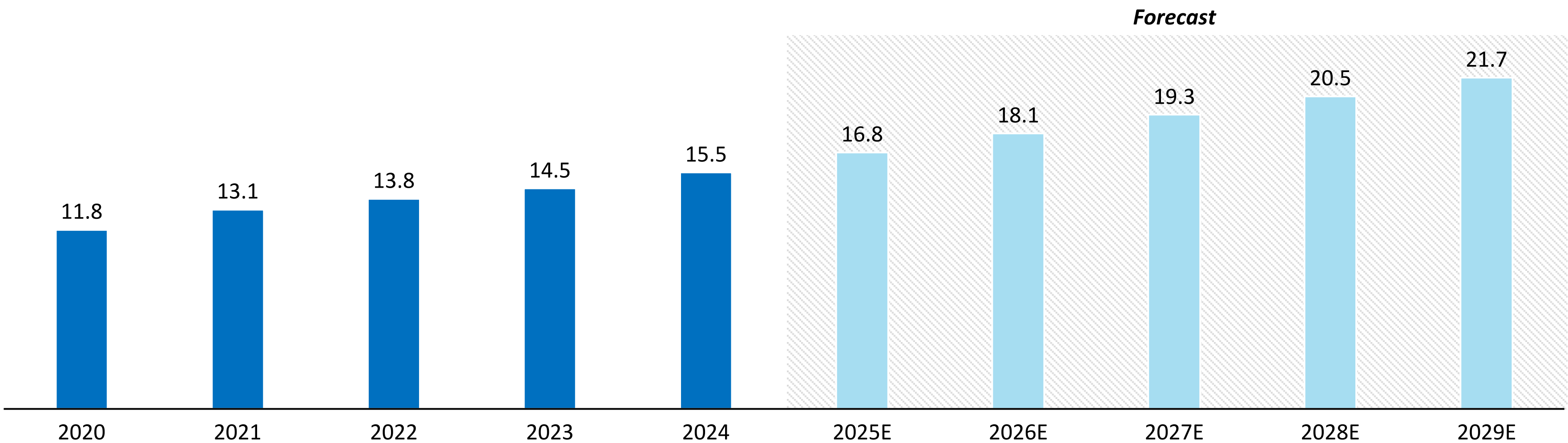
Source: China Internet Network Information Center, Frost & Sullivan Analysis and Estimates

Online Retail Sales Value of Consumer Goods

Online Retail Sales Value of Consumer Goods, China

RMB Trillion; 2020-2029E

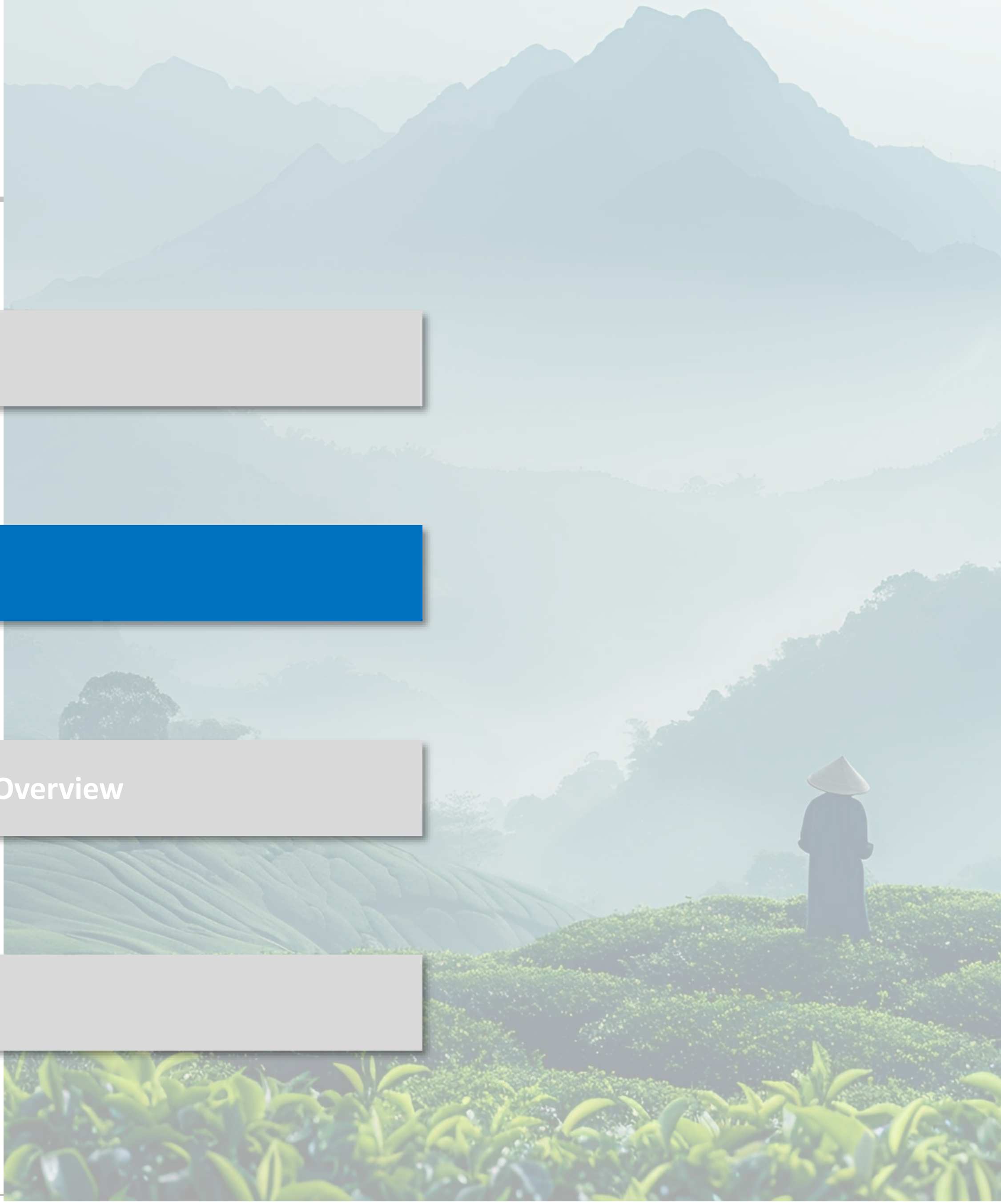
CAGR	2020-2024	2024-2029E
Online Retail Sales Value of Consumer Goods	7.2%	7.0%



- Fueled by the rapid growth of e-commerce economy, increasing internet and smartphone adoption, advanced logistics network development, and shifting consumer habits toward online shopping, China's online retail sales of consumer goods have shown a strong upward trend, increasing from approximately RMB11.8 trillion in 2020 to approximately RMB15.5 trillion in 2024, with a CAGR of approximately 7.2% over the five-year period. This momentum is expected to continue, driven by ongoing digitalization in the retail sector and enhanced logistics infrastructure, with online retail sales value of consumer goods projected to reach approximately RMB21.7 trillion by 2029, representing a CAGR of approximately 7.0% from 2024 to 2029.

Source: National Bureau of Statistics of China, Frost & Sullivan Analysis and Estimates

Agenda



Definition and Classification (Tea)

Definition and Classification:

- **Tea** can be classified by product form, which includes tea leaf, ready-to-drink (RTD) tea, and freshly-made tea drinks. There are over 50 countries and regions that cultivate tea around the world, mainly located in Asia, Africa, and Latin America. Among these, China, India, Kenya, Turkey, and Sri Lanka possess the largest tea cultivation areas and the leading volume in tea production. China is recognized as the origin of tea, with a centuries-old tradition of tea cultivation. Additionally, in China, tea drinking transcends a simple lifestyle choice—it is an integral part of the nation’s cultural heritage.

Tea Market

01.

Tea Leaves

- refers to pure tea leaves and processed tea, such as flavored tea, tea bags, and tea powder. It is served either in hot or cold soup to present the original flavor from tea leaves.

02.

Ready-to-Drink Tea

- refers to ready prepared and packaged tea for instant consumption. RTD tea normally is presented along with extra sugar and combined with diverse flavors derived from fruit, flowers. The new trend is RTD without added sugar or flavor to let consumers enjoy the nature of tea.

03.

Freshly-Made Tea Drinks

- refers to a new tea-drinking method which mixes tea with different ingredients including fruits, “bubble” (tapioca balls), foamed cream cheese, milk, and any other drinkable ingredients.

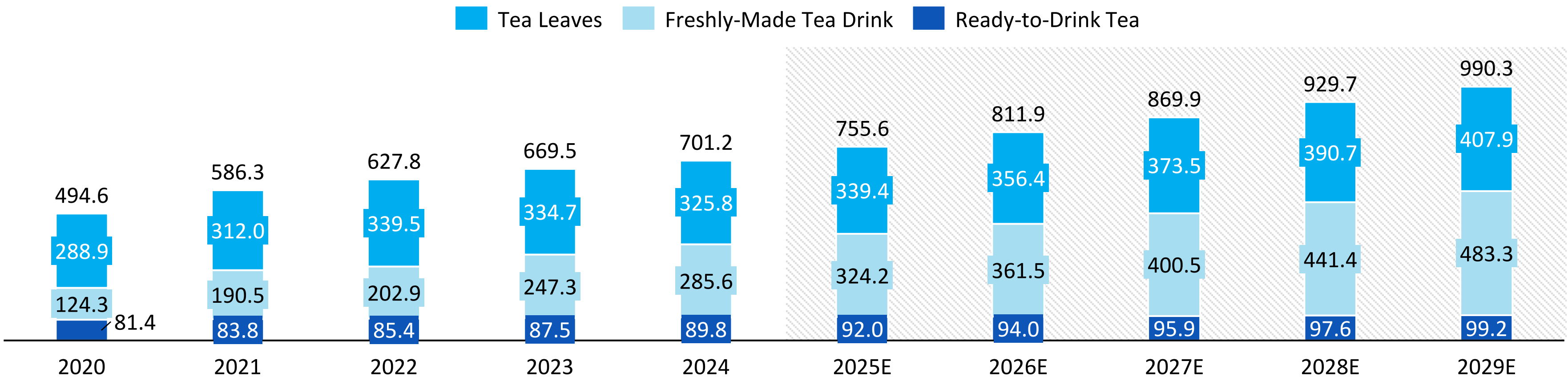
Source: Frost & Sullivan Analysis and Estimates

Tea Market by Category

Tea Market by Category, China

RMB Billion; 2020-2029E

CAGR	Total	Tea Leaves	Ready-to-Drink Tea	Freshly-Made-Tea Drinks
2020-2024	9.1%	3.0%	2.5%	23.1%
2024-2029E	7.1%	4.6%	2.0%	11.1%



Notes: the market size refers to the sum of sales revenues of tea leaves and retail sales revenues of read-to-drink tea and freshly-made-tea drinks

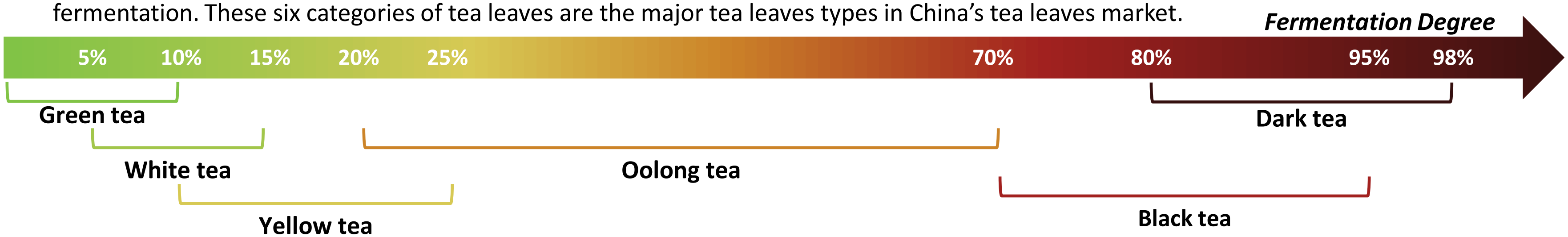
- The tea market is led by tea leaves, which had the largest share in 2024 with a market size of approximately RMB325.8 billion, representing approximately 46.5% of the total market. However, from 2020 to 2024, the share of tea leaves in the overall market has been gradually declining due to rapid growth of freshly-made tea drinks. In 2024, the freshly-made tea drinks and ready-to-drink tea segments reached approximately RMB285.6 billion and RMB89.8 billion, accounting for approximately 40.7% and 12.8% of the market, respectively. Looking forward, freshly-made tea drinks are expected to grow at a faster rate than the other two segments. By 2029, the market size for tea leaves, freshly-made tea drinks, and ready-to-drink tea is projected to reach approximately RMB407.9.6 billion, RMB483.3 billion, and RMB99.2 billion with CAGRs of approximately 4.6%, 11.1%, and 2.0%, respectively.

Source: China Tea Marketing Association; Frost & Sullivan Analysis and Estimates

Definition and Classification of (Tea Leaves)

Definition and Classification:

- **Tea leaves** are categorized into six main types: green tea, dark tea, black tea, Oolong tea, white tea, and yellow tea by different processes of fermentation. These six categories of tea leaves are the major tea leaves types in China's tea leaves market.



Green tea 绿茶

Green tea is the major sub-category of tea leaves. After plucking, the fresh tea leaves are processed by withering, enzyme inactivating, rolling and drying to preserve enzyme activity and remove moisture, thus safeguarding the natural qualities of the leaves.

White tea 白茶

White tea is crafted from the unoxidized, unrolled young buds of the tea plant. Its production method is straightforward and natural, omitting processes like frying, rolling, or enzyme inactivating the leaves. Instead, white tea undergoes gentle withering and drying, preserving the tea leaves' original flavor and nutritional properties to the fullest extent.

Yellow tea 黄茶

Yellow tea is a lightly fermented tea variety. While its production method resembles that of green tea, yellow tea includes an additional heaping for yellowing process. During this stage, tea leaves undergo non-enzymatic auto-oxidation triggered by moisture and heat, resulting in the characteristic yellow hue, which is a crucial step in yellow tea production.

Oolong tea 乌龙茶

Oolong tea is the only semi-fermented tea among the six major tea leaves in China. Its processing technology is relatively complicated, involving withering, cooling, fine manipulating, enzyme inactivating, rolling and drying, etc., The production process for Oolong tea is highly complex and has high technology barriers.

Black tea 红茶

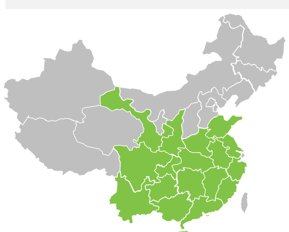
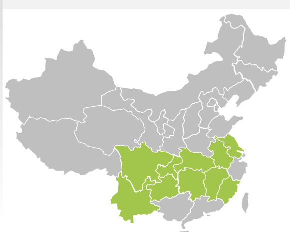
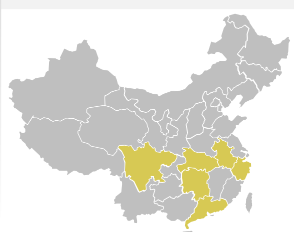
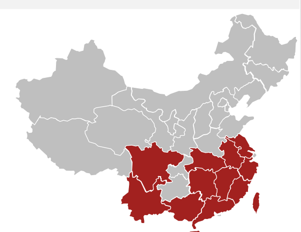
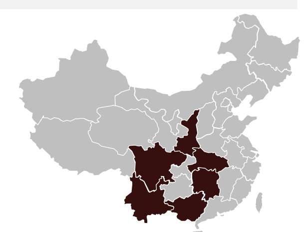
Black tea is fully fermented through four steps: withering, rolling, fermenting and drying. The flavors of black tea are determined by the type of tea bush, the quality of the plucked tea leaves, and the quality of processing.

Dark tea 黑茶

Dark tea is post-fermented tea. In addition to the steps of enzyme inactivating, rolling and drying, piling is a unique production process for dark tea and is also a key link in forming the unique quality of dark tea. The rolled tea leaves are piled up to a certain thickness and fermented by microorganisms. The time, temperature, and humidity of the piling process will affect the quality and taste of the tea.

Source: Frost & Sullivan Analysis and Estimates

Representative Tea Types & Place of Origin

Green tea	White tea	Yellow tea	Oolong tea	Black tea	Dark tea
➢ It has fresh taste with light sweetness and slight bitterness. The flavor of green tea is usually known for its freshness, crispness and sweetness.	➢ It owns light, delicate and elegant taste, with a light sweetness and floral aroma. The flavor of white tea is regarded as sweetness, lightness and long aftertaste.	➢ It presents soft, rich taste and gentle sweet flavor, with a unique yellow tea aroma. The flavor of yellow tea is characterized by sweetness, softness and unique aroma.	➢ The taste is between freshness of green tea and mellowness of black tea. The flavor of Oolong tea is considered as high aroma, fresh taste, light fruity and quick aftertaste.	➢ The taste is mellow and full-bodied with a fruity or floral aroma, sometimes with obvious sweetness. The taste of black tea is mellow, sweet and long aftertaste.	➢ It has a strong taste and deep flavor with aged and earthy aroma. The flavor of black tea is described by mellow, aged aroma and long aftertaste, sometimes sweet.
Xihu Longjing (西湖龙井) Hangzou, Zhejiang; **Biluochun (碧螺春)** - Suzhou, Jiangsu; **Anji Baicha (安吉白茶)** - Anji, Zhejiang; **Huangshan Maofeng (黄山毛峰)** - Huangshan, Anhui; **Taiping Houkui (太平猴魁)** - Taiping, Anhui; **Queshe (雀舌)** - Meitan, Guizhou; **Maojian (毛尖)** - Xinyang, Henan	**Baihao Yinzhen (白毫银针)** - Fuding, Fujian; **Bai Mudan (白牡丹)** - Songxi, Fujian; **Gongmei (贡眉)** - Jianyang, Fujian; **Shoumei (寿眉)** - Fuding, Fujian; **Dabai (大白茶)** - Jinggu, Yunnan	**Mengding Huangya (蒙顶黄芽)** - Ya'an, Sichuan; **Huoshan Huangya (霍山黄芽)** - Huoshan, Anhui; **Junshan Yinzhen (君山银针)** - Yueyang, Hunan; **Pingyang Huangtang (平阳黄汤)** - Pingyang, Zhejiang	**Tieguanyin (铁观音)** - Anxi, Fujian; **Wuyi Yan Cha (武夷岩茶)** - Wuyi Shan, Fujian; **Dahongpao (大红袍)** - Wuyishan, Fujian; **Fenghuang Dancong (凤凰单枞)** - Chaoan, Guangdong; **Rougui (肉桂) -** Wuyi Shan, Fujian	**Keemun (祁门红茶)** - Qimen, Anhui; **Zhengshan Xiaozhong (正山小种)** -Wuyishan, Fujian; **Jinjunmei (金骏眉)** - Wuyishan, Fujian; **Dianhong (滇红)** - Lincang, Yunnan;	**Pu'er (普洱茶)** - Pu'er, Yunnan; **Ya'an Zangcha (雅安藏茶)** - Ya'an, Sichuan; **An'hua (安化黑茶)** - An'hua, Hunan; **Liubaocha (六堡茶)** - Wuzhou, Guangxi; **Chibi Qingzhuan (赤壁青砖茶)** - Chibi, Hubei
					

Source: Frost & Sullivan Analysis and Estimates

Definition and Classification of (Tea Leaves)

Definition and Classification:

- **Tea leaves** are categorized into six main types: green tea, dark tea, black tea, Oolong tea, white tea, and yellow tea by different processes of fermentation. These six categories of tea leaves are the major tea leaves types in China's tea leaves market.

Type of Tea	Fermentation Degree	Techniques
Green tea 绿茶	0-10%	Green tea is the major sub-category of tea leaves. After plucking, the fresh tea leaves are processed by withering, enzyme inactivating, rolling and drying to preserve enzyme activity and remove moisture, thus safeguarding the natural qualities of the leaves.
White tea 白茶	5-15%	White tea is crafted from the unoxidized, unrolled young buds of the tea plant. Its production method is straightforward and natural, omitting processes like frying, rolling, or enzyme inactivating the leaves. Instead, white tea undergoes gentle withering and drying, preserving the tea leaves' original flavor and nutritional properties to the fullest extent.
Yellow tea 黄茶	10-25%	Yellow tea is a lightly fermented tea variety. While its production method resembles that of green tea, yellow tea includes an additional heaping for yellowing process. During this stage, tea leaves undergo non-enzymatic auto-oxidation triggered by moisture and heat, resulting in the characteristic yellow hue, which is a crucial step in yellow tea production.
Oolong tea 乌龙茶	20-70%	Oolong tea is the only semi-fermented tea among the six major tea leaves in China. Its processing technology is relatively complicated, involving withering, cooling, fine manipulating, enzyme inactivating, rolling and drying, etc., The production process for Oolong tea is highly complex and has high technology barriers.
Black tea 红茶	70-95%	Black tea is fully fermented through four steps: withering, rolling, fermenting and drying. The flavors of black tea are determined by the type of tea bush, the quality of the plucked tea leaves, and the quality of processing.
Dark tea 黑茶	80-98%	Dark tea is post-fermented tea. In addition to the steps of enzyme inactivating, rolling and drying, piling is a unique production process for dark tea and is also a key link in forming the unique quality of dark tea. The rolled tea leaves are piled up to a certain thickness and fermented by microorganisms. The time, temperature, and humidity of the piling process will affect the quality and taste of the tea.

Source: Frost & Sullivan Analysis and Estimates

Representative Tea Types & Place of Origin

Type of Tea	Taste	Representative Tea Types	Place of Origin
Green tea 绿茶	It has fresh taste with light sweetness and slight bitterness. The flavor of green tea is usually known for its freshness, crispness and sweetness.	• Xihu Longjing (西湖龙井) • Biluochun (碧螺春) • Anji Baicha (安吉白茶) • Huangshan Maofeng (黄山毛峰) • Taiping Houkui (太平猴魁) • Queshe (雀舌) • Maojian (毛尖)	Hangzou, Zhejiang Suzhou, Jiangsu Anji, Zhejiang Huangshan, Anhui Taiping, Anhui Meitan, Guizhou Xinyang, Henan
White tea 白茶	It owns light, delicate and elegant taste, with a light sweetness and floral aroma. The flavor of white tea is regarded as sweetness, lightness and long aftertaste.	• Baihao Yinzhen (白毫银针) • Bai Mudan (白牡丹) • Gongmei (贡眉) • Shoumei (寿眉) • Dabai (大白茶)	Fuding, Fujian Songxi, Fujian Jianyang, Fujian Fuding, Fujian Jinggu, Yunnan
Yellow tea 黄茶	It presents soft, rich taste and gentle sweet flavor, with a unique yellow tea aroma. The flavor of yellow tea is characterized by sweetness, softness and unique aroma.	• Mengding Huangya (蒙顶黄芽) • Huoshan Huangya (霍山黄芽) • Junshan Yinzhen (君山银针) • Pingyang Huangtang (平阳黄汤)	Ya'an, Sichuan Huoshan, Anhui Yueyang, Hunan Pingyang, Zhejiang
Oolong tea 乌龙茶	The taste is between freshness of green tea and mellowness of black tea. The flavor of Oolong tea is considered as high aroma, fresh taste, light fruity and quick aftertaste.	• Tieguanyin (铁观音) • Wuyi Yan Cha (武夷岩茶) • Dahongpao (大红袍) • Fenghuang Dancong (凤凰单枞) • Rougui (肉桂)	Anxi, Fujian Wuyi Shan, Fujian Wuyishan, Fujian Chaoan, Guangdong Wuyi Shan, Fujian
Black tea 红茶	The taste is mellow and full-bodied with a fruity or floral aroma, sometimes with obvious sweetness. The taste of black tea is mellow, sweet and long aftertaste.	• Keemun (祁门红茶) • Zhengshan Xiaozhong (正山小种) • Jinjunmei (金骏眉) • Dianhong (滇红)	Qimen, Anhui Wuyishan, Fujian Wuyishan, Fujian Lincang, Yunnan
Dark tea 黑茶	It has a strong taste and deep flavor with aged and earthy aroma. The flavor of black tea is described by mellow, aged aroma and long aftertaste, sometimes sweet.	• Pu'er (普洱茶) • Ya'an Zangcha (雅安藏茶) • An'hua (安化黑茶) • Liubaocha (六堡茶) • Chibi Qingzhuan (赤壁青砖茶)	Pu'er, Yunnan Ya'an, Sichuan An'hua, Hunan Wuzhou, Guangxi Chibi, Hubei

Source: Frost & Sullivan Analysis and Estimates

Production of Oolong Tea (1/2)

Key Process of Making Oolong Tea

Primary Process 初制

Picking 采摘 → **Withering (Chemical)萎凋** → **Tossing 做青** → **Fixation (Kill-Green) 杀青** → **Kneading/Rolling 揉捻** → **Drying 烘干**

Picking 采摘
- Select newly sprouted buds or leaves harvested from tea plants.

Withering (Chemical)萎凋
- To reduce moisture and soften tea leaves;
- Outdoor - mainly relies on sunlight;
- Indoor - a controlled environment, the beginning of enzymatic oxidation.

Tossing 做青
- Tea leaves are gently tossed in a cntainer; This process initiates partial oxidation and releasing the aromatic compounds.

Fixation (Kill-Green) 杀青
- Leverage high temperature to kill cells of tea leaves, particularly by pan-firing or steaming, to preserve the desired level of oxidation and maintain the flavor.

Kneading/Rolling 揉捻
- To compress leaves to remove tea liquid either in kneading or rolling method.
- Different strength and direction of kneading can create different shapes and flavors.

Drying 烘干
- Either bake or roast tea leaves to remove remaining moisture to stabilize the shape of tea and develop its complex flavors.

Refined Process 精制

Rough Tea 初制茶 → **Sieve Sorting 筛分** → **Trimming 修整** → **Filtering 拣剔** → **Drying 烘焙** → **Blending 拼配** → **Refined Tea 精制茶**

Blending 拼配
- Mix different batches of tea from varied areas, grades, degree of oxidation, etc., to meet the market demand.

Drying 烘焙
- Send the filtered tea leaves through an additional drying process to stabilize the tea leaves and flavor.

Filtering 拣剔
- Remove tea branches or steams or broken leaves to standardize the size and appearance.

Trimming 修整
- Trim oversized tea leaves to desired specification.

Sieve Sorting 筛分
- The dried tea leaves are sorted into different sizes and shapes, such as coarse, medium, small size.

➢ The production process of Oolong tea leaves is relatively complicated as compared with that of other tea leaf categories, consisting of multiple processes including, among others, picking (採青), sun exposure (曬青), drying (晾青), tossing (搖青), fixation (殺青), kneading (揉捻), rolling (包揉), blending (拼配) and roasting (烘焙).

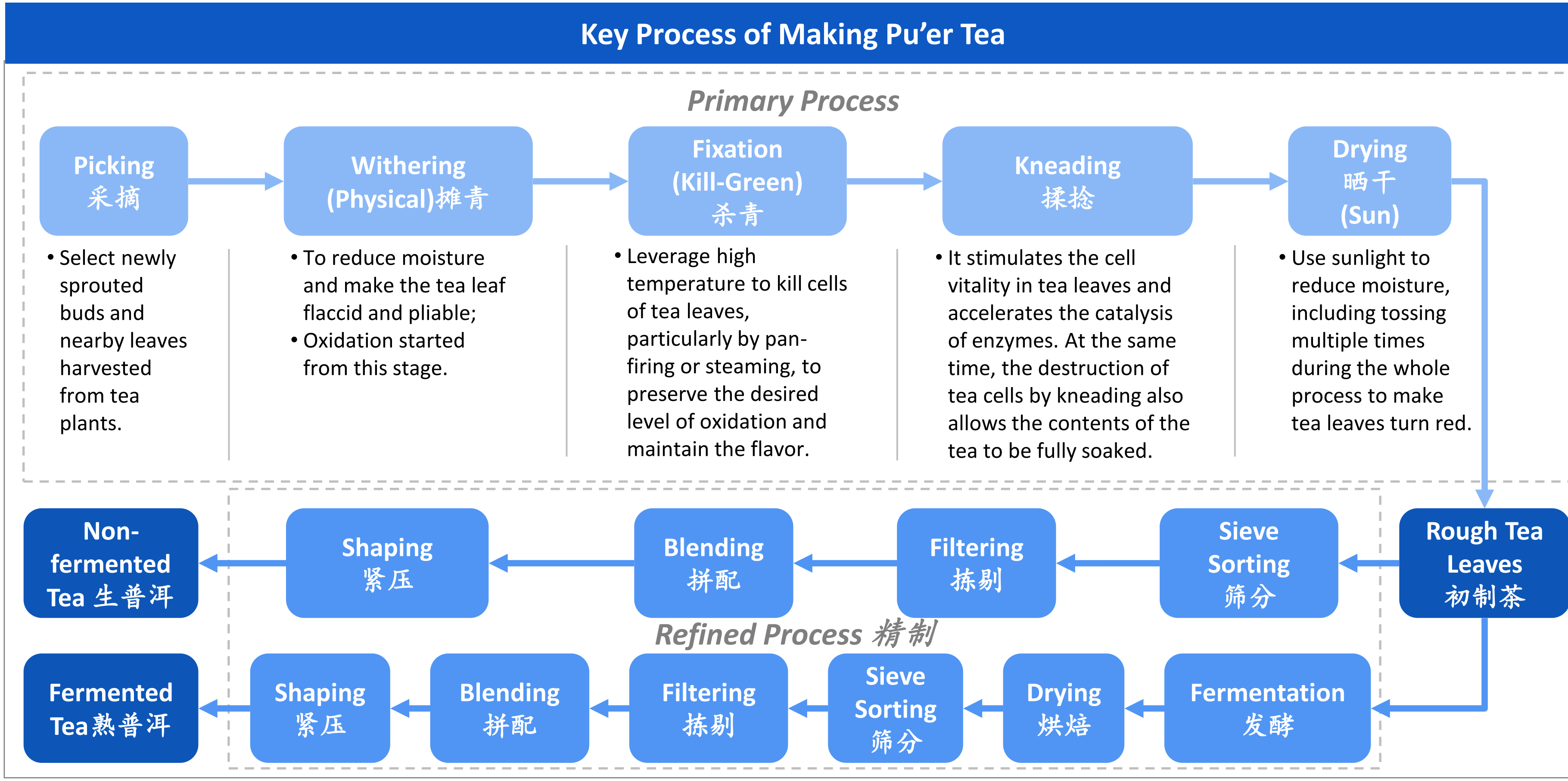
Source: Frost & Sullivan Analysis and Estimates

Production of Oolong Tea (2/2)

- **Flavor Profile and Health Benefits:** Oolong tea stands out as the sole semi-fermented tea variety among the six main tea categories, offering a distinctive flavor that combines the fresh aroma of green tea with the deep sweetness of black tea. The most sought-after Oolongs, such as Tie Guan Yin and Wu Yi Yan Cha, are appreciated for their smoothness, depth, and natural sweetness. This makes them appealing to both connoisseurs and casual tea drinkers who seek a more refined tea experience. Moreover, high-quality Oolong tea is thought to provide a range of health advantages, such as aiding digestion, alleviating stress, increasing metabolism, and improving skin health.
- **Artisanal Craftsmanship:** The production of oolong tea involves a relatively complex process that includes multiple stages such as harvesting, sun-drying, air-drying, shaking, oxidation, rolling, shaping, blending, and roasting. Each tea master has their own unique techniques and styles of processing, which influences the final flavor, fragrance, and appearance of the tea. These processes make premium Oolong highly valued as a product of craftsmanship and skill, often passed down through generations.
- **Key region for production:** Fujian province is a key region for oolong tea production, with distinct varieties known as northern Fujian oolong and southern Fujian oolong. Northern Fujian oolong is primarily cultivated in areas such as Wuyi Mountain, Jian Yang, and Jian Ou. Notable oolong teas from this region include Wuyi Rock Tea, featuring varieties like Da Hong Pao, Wuyi Narcissus, and Wuyi Cinnamon. On the other hand, southern Fujian oolong is predominantly grown in An Xi, Yong Chun, Nan'an, Tong'an, and Ping He. Representative teas from this region include Tie Guan Yin, Yong Chun Buddha's Hand, Hairy Crab, and Huang Jin Gui. In addition, Fujian’s climate and Fujian’s climate and terrain are exceptionally well-suited for cultivating tea, particularly Oolong, which requires specific growing conditions.
  - ✓ Firstly, **Fujian's subtropical climate,** characterized by moderate temperatures, ample rainfall, and high humidity, provides an ideal environment for cultivating tea plants. The province's temperature range and seasonal fluctuations offer the perfect setting for Oolong tea, which flourishes in the harmonious blend of warmth and moisture.
  - ✓ Secondly, Fujian boasts **abundant mountainous terrain**, with areas like the Wuyi Mountains (renowned for Oolong varieties such as Da Hong Pao) and the Anxi region (famous for Tie Guan Yin) characterized by elevated altitudes, steep inclines, and fertile soil. Enveloped in mist, these mountains play a crucial role in stabilizing temperature changes and creating an optimal environment for cultivating premium tea.
  - ✓ Thirdly, the **mountainous regions** of Fujian, especially the Wuyi Mountains, feature mineral-rich soil that lends distinctive qualities to the tea, enhancing its flavor complexity. This well-drained soil prevents waterlogging and offers optimal conditions for the roots of tea plants to prosper.
- **Symbol of Tradition and Innovation:** Although steeped in centuries-old traditions, premium Oolong tea producers are now actively exploring novel cultivation and processing methods to cater to changing consumer preferences. Striking a delicate balance between preserving traditional practices and welcoming innovation amplifies the allure of high-quality Oolong, particularly among younger generations who appreciate a blend of heritage and freshness.
- **Status Symbol:** In modern China, premium Oolong tea has gained a reputation as a luxury product, enjoyed by tea enthusiasts and collectors. Rare Oolong teas, such as Da Hong Pao from the Wuyi Mountains, can fetch extremely high prices due to their rarity, historical significance, and the cost of cultivation. The prestige of owning and drinking such teas has made it a status symbol among wealthy individuals and tea connoisseurs. Some varieties of premium Oolong tea, especially those from renowned tea-producing regions, are considered investment items, and their value can increase over time.

Source: Frost & Sullivan Analysis and Estimates

Production of Pu’er Tea



➢ In general, green tea and black tea contributed the largest proportion of the tea leaves market, the decline in 2024 dragged down the growth rate of the tea leaves market. In particular, raw materials for making Pu’er tea are categorized into different grading systems due to a representative quote “One mountain, one flavor”. It not only stands for flavor but also indicates the volume of production and the quality of Pu’er. Famous mountain grading system combined both quality and quantity of production. The village grading system focuses on the high quality of production and rarity of ancient trees. These refined small-production villages are Banzhang (班章), Bingdao (冰岛), and Xigui (昔归) in Yunnan Province.

Source: Frost & Sullivan Analysis and Estimates

Definition and Classification (Tea Leaves)

Definition and Classification:

- **Tea leaves market** can be further divided into three categories in terms of price range: premium, mid-end, and basic consumption（高端、中端、大众).

Classification	Price Range	Category	Description
Price Range	> RMB700/KG	Premium	Premium tea leaves products are renowned for their origin, production methods, historical significance, brand reputation, and consumer appeal. These premium tea leaves typically originate from well-known tea-producing regions with a rich tea-making heritage. The natural factors such as climate, soil quality, and traditional tea crafting techniques in these areas contribute to the exceptional quality and exquisite flavor of the tea leaves, often produced in limited quantities. Moreover, the distribution of premium tea leaves is meticulously managed by nationally recognized tea brands, ensuring high-quality product presentation, sophisticated packaging, and expert tea tasting services to elevate the overall consumer experience. Additionally, premium tea is commonly served at formal gatherings to foster social connections and cater to individuals seeking to engage in social activities with friends.
	RMB300/KG~ RMB700/KG	Middle-end	The middle-end tea leaves products are slightly below premium tea leaves in terms of raw materials, production technology, and brand operation. While the raw materials for middle-end tea leaves may originate from reputable tea-producing regions, the quality and harvesting timing may not be optimal. Additionally, blends of tea leaves of varying grades from different regions may also be used as raw materials for middle-end tea products. The tea-making techniques employed for these tea leaves products are aimed at striking a balance between product quality and affordability. In comparison to premium tea leaves, the packaging for middle-end tea leaves typically utilizes durable and visually appealing materials that suggest quality without excessive luxury. The branding is understated, featuring the brand logo and essential product information without unnecessary embellishments.
	< RMB300/KG	Basic Consumption	Basic consumption-market tea is widely consumed for its affordability and everyday consumption. It serves as a daily basic beverage rather than a social or premium item. The packaging is simple and lacks fancy designs, with an emphasis on cost-effectiveness rather than aesthetics. Also, the production of basic consumption tea only includes standard and basic processes and does not provide any rare tea leaves. The market is highly competitive, and barriers to entry are lower, leading to a broad range of brands and tea varieties available in this segment.

Source: Frost & Sullivan Analysis and Estimates

China's Tea Leaves Market Development History

1950s	1960s	1980s	2010s	2020s
▶ **Restoring the tea output** was the priority during this period. From the domestic demands aspect, influenced by the rapid decline in economy and politics, Chinese residents were striving to have normal lives. At the same time, the purchasing power was so low that people were not able to afford such tea consumption. From the exporting aspect, the emerging tea market in India with high-quality tea products and advanced tea processing technologies, China's tea market was heading for meltdown. China's government initiated programs to restart the tea market.	▶ **Expanding the tea plantation area** was the new goal after restoring China's tea output. There were several programs to encourage farmers to bring different types of tea bushes from the south to the north, and from the east to the west, in order to widen the plantation area for tea. ▶ Moreover, the government also invested in tea research and development to improve China's tea quality and output per hectare. Also, a group of tea talents was formed to support studies about disease treatments for tea bushes.	▶ **Developing distribution channels** were challenging for all tea manufacturers. The increasing disposable income brought new consumption demands for all Chinese, however, the available products were restricted to be distributed. ▶ A great variety of tea was introduced to the market, not only creating a wide range of new varieties but also managing to regain the cultivation techniques of many famous kinds that were assumed lost in the course of Chinese history.	▶ **Leading players in the tea market strived to integrate value chain** to form their unique competitive advantages. The quality of tea relies on the origins of the tea bushes. For instance, Oolong or Pu'er tea from ancient tea bushes charges a very high price due to the scarcity. The complication of processing tea made standardization and industrialization of the tea industry nearly impossible. Building a brand was tough at the same time because consumers were fascinated by foreign brands. However, some leading players started to invest in enhancing brand awareness since then.	▶ **Diversifying customer segmentation** creates new opportunities for tea companies. Young generations display a strong preference for zero-sugar, zero-calorie, zero-fat ready-to-drink tea due to their heightened health awareness while older consumers are more interested in premium and functional teas, seeking quality and health benefits that align with their lifestyles. Therefore, Chinese tea companies expanding their customer bases by offering a diverse range of products tailored to different preferences and lifestyles.

Source: Frost & Sullivan Analysis and Estimates

Value Chain Analysis

Value Chain | **Up-Stream** | **Mid-Stream** | **Down-Stream**

Market Players & Roles

Up-Stream

Tea Farmers
- Smallholders Tea Farmers
- Large scale of tea plantation

Tea Cooperatives
- Consolidate the production of smallholder farmers, providing them with shared resources, such as processing facilities, R&D, marketing and financing

Tea R&D Institutions
- Drive innovation in tea cultivation, processing, and quality control, ensuring the sustainability of the industry.

Tea Rough Processing Factories
- Make the raw materials into semi-finished tea leaves products

Mid-Stream

Tea Manufacturing
- Withering
- Rolling
- Oxidizing
- Drying
- Fermenting
- ....

Tea Packaging
- Protects the product
- Serves as a key point of differentiation in the competitive tea market,

Tea Brand Marketers
- Create brand image
- Marketing strategies
- Design product lines
- Market research

Logistics Providers
- Ensure the transportation of products in a timely and efficient manner.

Sales by Distributors

Tea Wholesalers
- Regional
- Nationwide

Tea Retailers
- Online
- Offline

Direct Sales

Down-Stream

Retailer Channel

Online
- E-commerce platform
- Official website/Mini program
- Livestream platforms

Offline
- Brand self-operated stores
- Franchisee stores
- Supermarkets
- Convenience stores
- Tea retail stores
- Liquor & Tobacco shops

Customer (2C)

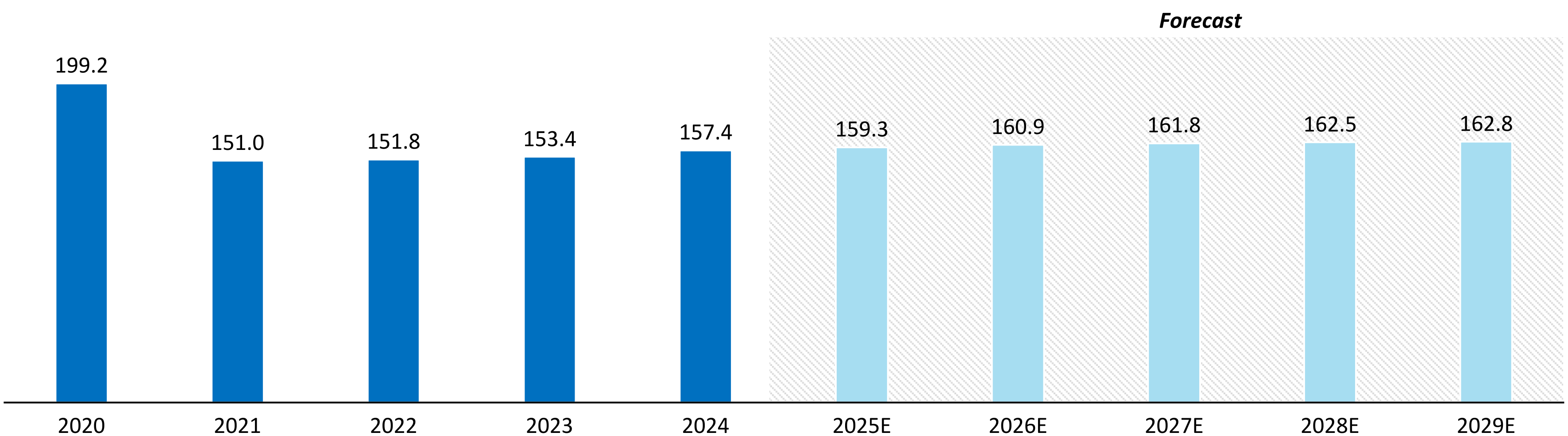
Business (2B)

Source: Frost & Sullivan Analysis and Estimates

Number of Newly Established Tea Companies (China)

Number of Newly Established Tea Companies*, China
Thousand; 2020-2029E

CAGR	2020-2024	2024-2029E
Number of Newly Established Tea Companies	-5.7%	0.7%



- From 2020 to 2021, the number of newly established tea companies in China declined significantly, falling from approximately 199.2 thousand to approximately 151.0 thousand. This was primarily due to the impact of the COVID-19 pandemic, which disrupted supply chains and created challenges in sourcing raw materials. In the following years, the number stabilized, reaching approximately 151.8 thousand in 2022 and slightly increasing to approximately 157.4 thousand in 2024. Despite this mild upward trend, CAGR from 2020 to 2024 remained at approximately -5.7%, reflecting a transition toward more measured market expansion. The slower pace of new company formation may benefit existing tea enterprises by reducing competitive intensity and reinforcing consumer trust. At the same time, the continued presence of new players—particularly in niche categories such as organic tea, zero-sugar tea, and ready-to-drink beverages—signals growing interest in specialized demand segments. These trends are expected to shape the industry's next stage of development. Looking ahead, the number of newly established tea companies is projected to reach approximately 162.8 thousand by 2029, representing a moderate CAGR of approximately 0.7% from 2024 to 2029.

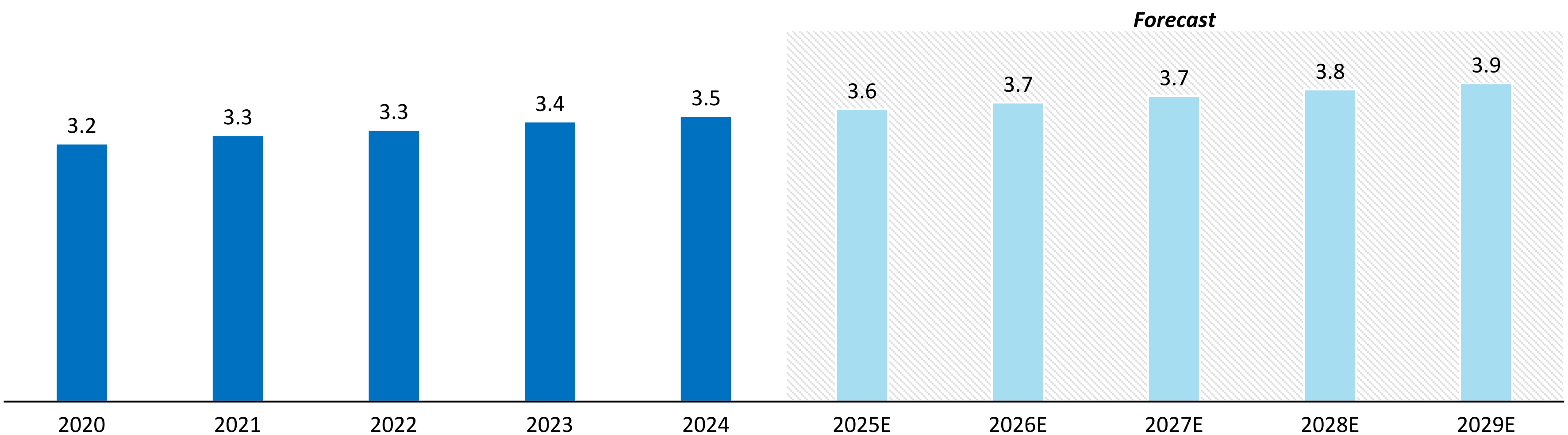
Note: Tea companies exclude public institutions, foundations, social organizations, government agencies, law firms, and RTHK enterprises.

Source: National Enterprise Credit Information Publicity System, Frost & Sullivan Analysis and Estimates

Tea Plantation Area (China)

Tea Plantation Area, China
Million Hectares; 2020-2029E

CAGR	2020-2024	2024-2029E
Tea Plantation Area	2.5%	2.2%



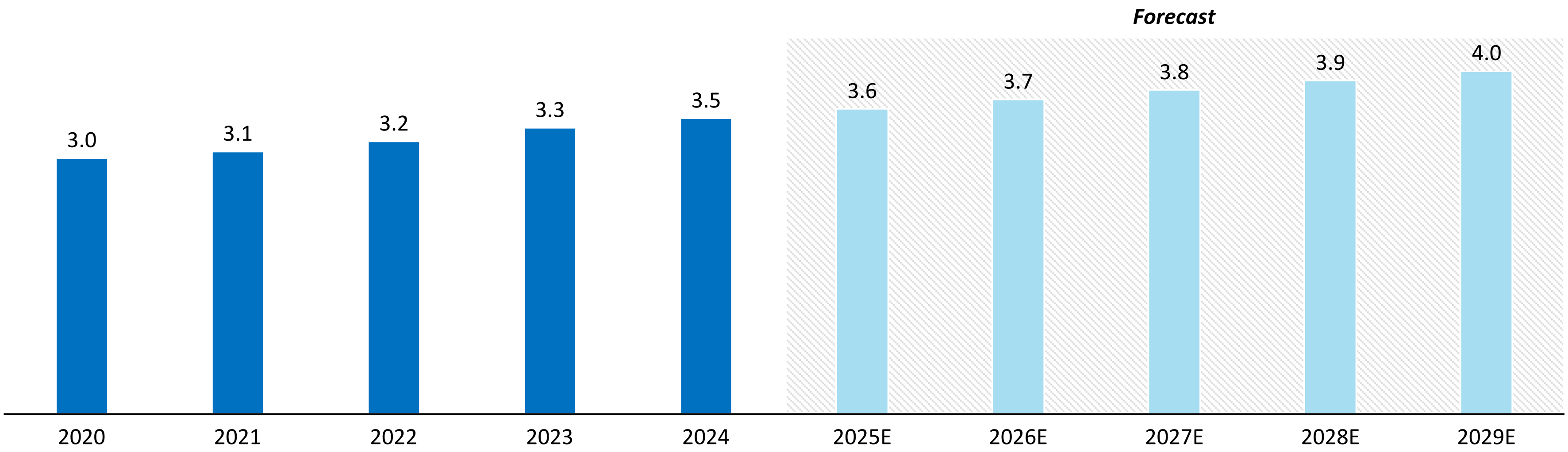
- After decades of continuous expansion of tea plantation area, now, China ranks the first globally in terms of tea plantation area. Between 2020 and 2024, the total tea plantation increased to from approximately 3.2 million hectares to approximately 3.5 million hectares with a CAGR of approximately 2.5% during the same period. This steady growth in the plantation area has established a stable supply of tea from upstream, creating a favorable environment for tea manufacturing and consumption in both the midstream and downstream sectors. Leading market players are not only seeking to expand their tea plantation area anymore but also concentrating on the origin of tea bushes, especially the rare and ancient tea trees. The number of tea plantation areas will keep growing but with a slower CAGR of approximately 2.2% from 2024 to 2029. By 2029, the total tea plantation area is forecasted to reach approximately 3.9 million hectares.

Source: China Tea Marketing Association, Frost & Sullivan Analysis and Estimates

Tea Leaves Production Volume (China)

Tea Leaves Production Volume, China
Million Tonnes; 2020-2029E

CAGR	2020-2024	2024-2029E
Tea Leaves Production Volume	3.7%	3.0%



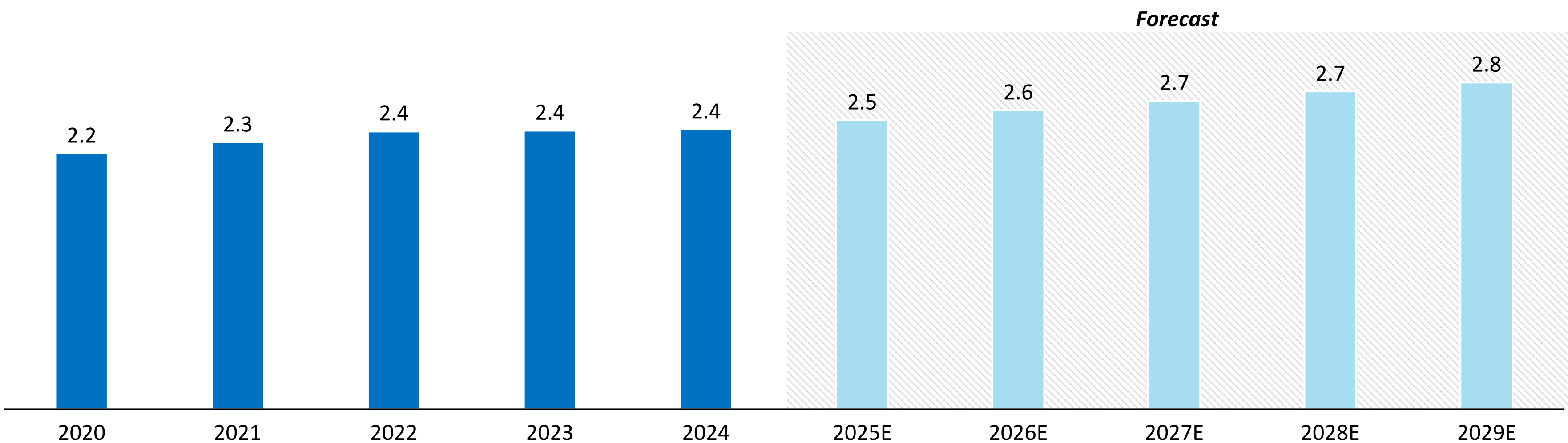
- The total tea leaves production volume presented a CAGR of approximately 3.7% between 2020 and 2024, increasing from approximately 3.0 million tonnes to approximately 3.5 million tonnes. Several factors contributed to the continuous growth. On the supply side, the steady expansion of tea plantation areas, adoption of advanced tea production techniques, and ongoing technological innovations have contributed to increased efficiency, enabling larger tea production capacity. On the demand side, the steady growth of China's tea industry is driven by increasing domestic consumption, such as the introduction of new tea products and forms, which have further stimulated demand. Additionally, the expansion into international markets also created new growth potential. These combined factors ensure a continuous increase in tea leaves production volume and by 2029, it is expected to achieve approximately 4.0 million tonnes with a CAGR of approximately 3.0% between 2024 and 2029. On the demand side, the steady growth of China's tea industry is driven by increasing domestic consumption, as the introduction of increasingly more diversified tea products has further stimulated demand.

Source: China Tea Marketing Association, Frost & Sullivan Analysis and Estimates

Tea Leaves Consumption Volume (China)

Tea Leaves Consumption Volume, China
Million Tonnes; 2020-2029E

CAGR	2020-2024	2024-2029E
Tea Leaves Consumption Volume	2.3%	3.2%



Notes: the market size refers to the sales volume of tea leaves within mainland of China

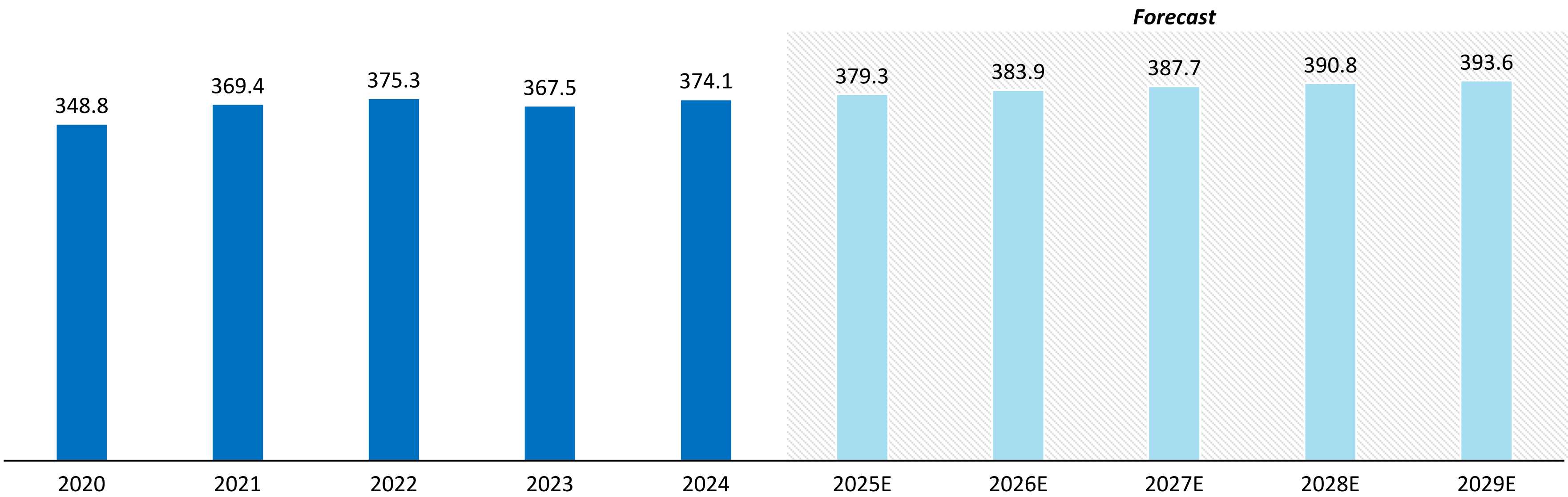
- Between 2020 and 2024, the tea leaves consumption volume registered a CAGR of approximately 2.3% and increased from approximately 2.2 million tonnes to approximately 2.4 million tonnes. The pandemic did not reduce the tea consumption willingness in 2021 or 2022, conversely, it created a stronger year-over-year growth rate of approximately 4.3% and 4.1%, respectively, which was mainly attributable to the development of e-commerce and the growing awareness of health. From the supply side, companies and distributors were forced to adopt online platforms and apply innovative marketing strategies to attract consumers. In addition, many tea companies launched new products that meet the diversified needs of consumers and expanded the tea-drinking scenarios. By 2029, the tea consumption volume is forecasted to reach approximately 2.8 million tonnes at a CAGR of approximately 3.2% between 2024 and 2029.

Source: China Tea Marketing Association, Frost & Sullivan Analysis and Estimates

Tea Leaves Export Volume (China)

Tea Leaves Export Volume , China
Thousand Tonnes; 2020-2029E

CAGR	2020-2024	2024-2029E
Tea Leaves Export Volume	1.8%	1.0%



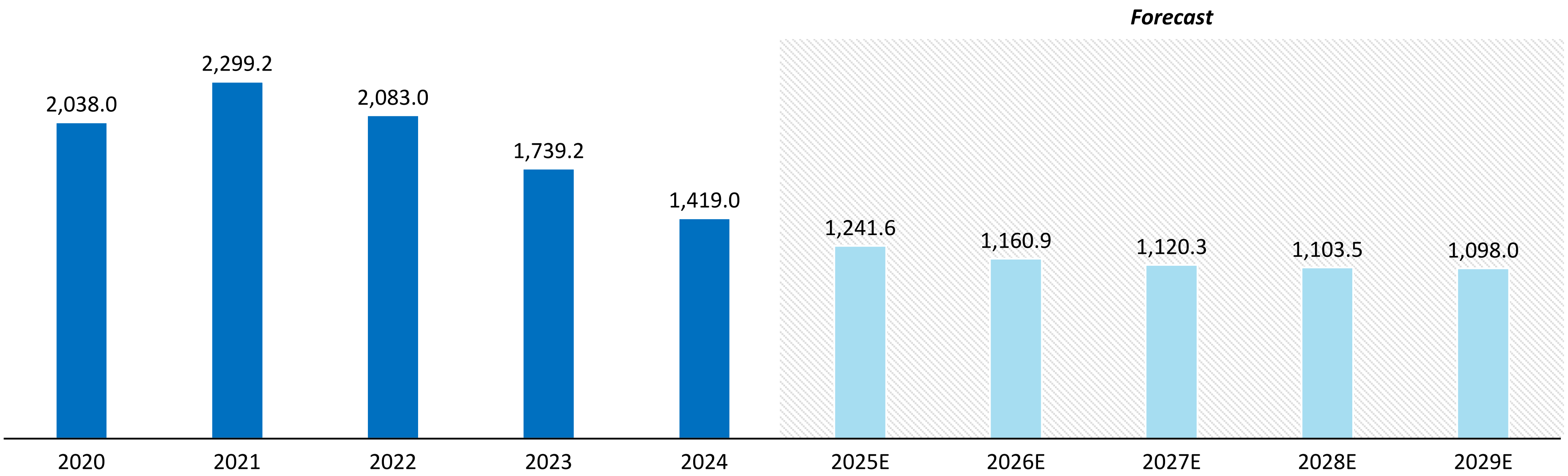
- Between 2020 and 2024, China’s tea leaves export volume demonstrated different levels of fluctuation. With the recovery from the pandemic, an increasing number of countries resumed cross-border trade, and the tea leaves export volume returned to a growth trajectory. However, in 2023, the export volume reflected a moderate reduction, attributed to the weak international market demand and increasing cross-border trade costs due to the Russo-Ukrainian War and the Red Sea crisis. In 2024, the export volume rebounded to approximately 374.1 thousand tonnes, showing signs of recovery despite global uncertainties. Despite these short-term disruptions, in the long run, with favorable policies promoting exports—including tea products—and growing global demand driven by the health and wellness trend, China’s tea leaves export volume is expected to steadily increase to approximately 393.6 thousand tonnes by 2029.

Source: China Tea Marketing Association, Frost & Sullivan Analysis and Estimates

Tea Leaves Export Value (China)

Tea Leaves Export Value, China
USD Million; 2020-2029E

CAGR	2020-2024	2024-2029E
Tea Leaves Export Value	-8.7%	-5.0%



- Between 2020 and 2024, China’s tea leaves export value showed a clear downward trend, falling from approximately USD2,038.0 million to approximately USD1,419.0 million, with a CAGR of approximately -8.7% during the period. This decline was largely driven by a drop in the average export price, which decreased by over 10% in both 2021 and 2022. The appreciation of the U.S. dollar further contributed to the downward pressure on prices across all tea categories. Additionally, China’s tea exports remain dominated by bulk, low-priced, and unbranded products, limiting their value-added potential. Looking ahead, as global economic activity gradually recovers, overseas demand for tea is expected to normalize. Moreover, with the continued advancement of the Belt and Road Initiative, more Chinese tea brands are anticipated to expand internationally. These efforts are expected to strengthen the global perception of Chinese tea. As a result, both the average export price and overall export value are forecasted to rise moderately over the coming years, despite a slower growth pace, with a projected CAGR of approximately -5.0% from 2024 to 2029.

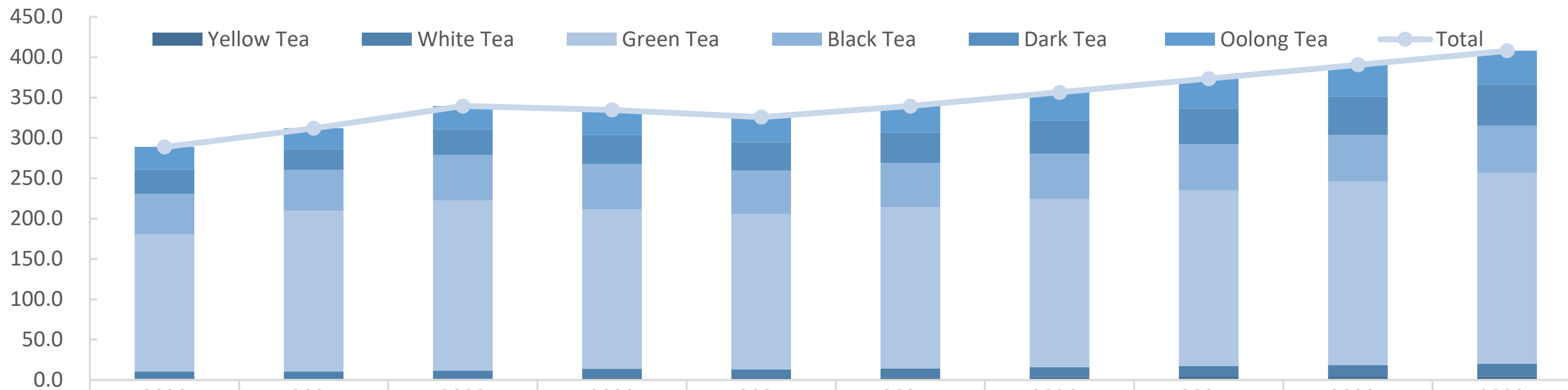
Source: China Tea Marketing Association, General Administration of Customs P.R.China, Frost & Sullivan Analysis and Estimates

Tea Leaves Market Breakdown by Type (China)

Tea Leaves Market Breakdown by Type, China

RMB Billion; 2020-2029E

CAGR	Total	Oolong Tea	Dark Tea	Black Tea	Green Tea	White Tea	Yellow Tea
2020-2024	3.0%	2.5%	3.9%	1.9%	3.1%	3.9%	14.7%
2024-2029E	4.6%	6.1%	7.8%	1.5%	4.2%	8.8%	8.1%



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Oolong Tea	28.1	25.9	28.5	31.1	30.9	32.7	34.9	37.1	39.3	41.6
Dark Tea	30.2	25.8	32.1	35.9	35.2	37.8	41.0	44.3	47.7	51.2
Black Tea	50.1	50.3	56.4	56.1	54.1	54.8	55.9	56.9	57.7	58.3
Green Tea	169.9	199.4	211.0	197.8	192.2	199.6	208.8	218.1	227.4	236.5
White Tea	9.0	9.1	10.1	10.8	10.4	11.3	12.4	13.5	14.7	15.9
Yellow Tea	1.7	1.4	1.4	3.0	2.9	3.2	3.4	3.7	4.0	4.3
Total	288.9	312.0	339.5	334.7	325.8	339.4	356.4	373.5	390.7	407.9

Notes: the market size refers to the sales revenues of tea leaves within mainland of China

Source: China Tea Marketing Association, Frost & Sullivan Analysis and Estimates

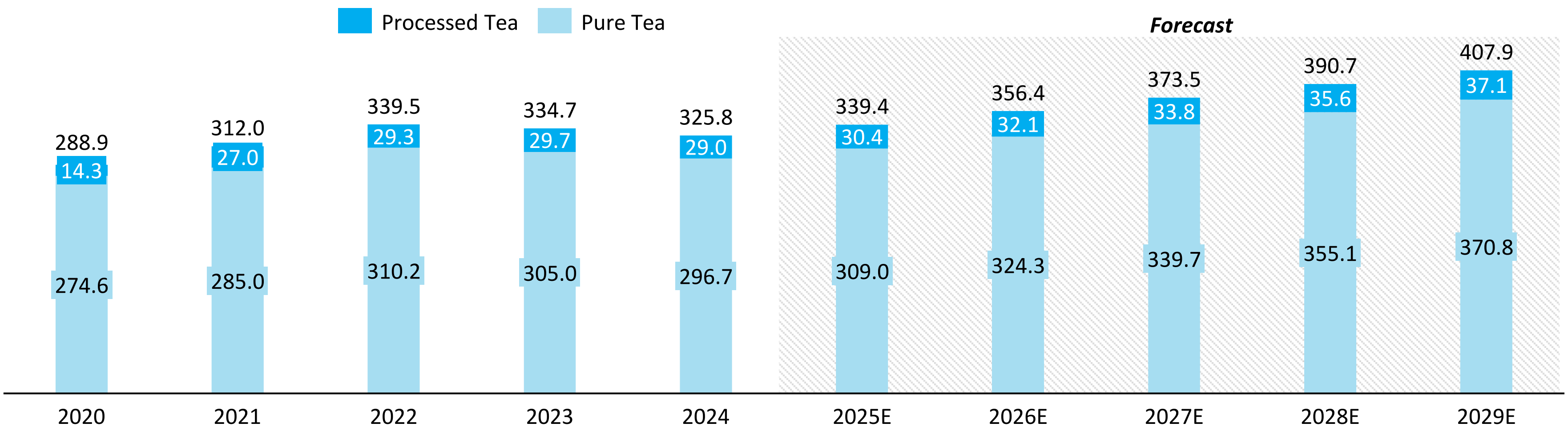
Tea Leaves Market Breakdown by Type (China)

- In 2024, China's tea leaves market experienced a broad-based decline across all major product categories, with total market value decreasing from approximately RMB334.7 billion in 2023 to approximately RMB325.8 billion. Each tea segment—green, black, dark, white, oolong, and yellow tea—recorded a year-on-year contraction. Green tea, which holds the largest market share, posted the most substantial decline in absolute terms, falling by approximately RMB5.6 billion, and thus played a leading role in dragging down the overall market.
- This temporary market contraction can be attributed to the lagging recovery of consumer demand, ongoing inventory adjustments, and intensified pricing competition following the pandemic. The synchronized downturn across segments highlights the sensitivity of the market to shifts in demand fundamentals and price elasticity. Nonetheless, long-term growth momentum remains intact. Between 2020 and 2024, yellow tea achieved a CAGR of approximately 14.7%, significantly outpacing the total market CAGR of approximately 3.0%, driven by rising consumer interest in specialty and high-value tea products. Looking forward, the market is projected to regain its growth trajectory, reaching approximately RMB407.9 billion by 2029, with a CAGR of approximately 4.6% from 2024 to 2029, supported by ongoing premiumization, diversified demand, and expanding brand influence.

Tea Leaves Market Breakdown by Category (China)

Tea Leaves Market Breakdown by Category, China
RMB Billion; 2020-2029E

CAGR	Total	Pure Tea	Processed Tea
2020-2024	3.0%	2.0%	19.4%
2024-2029E	4.6%	4.6%	5.0%



Notes: the market size refers to the sales revenues of tea leaves within mainland of China

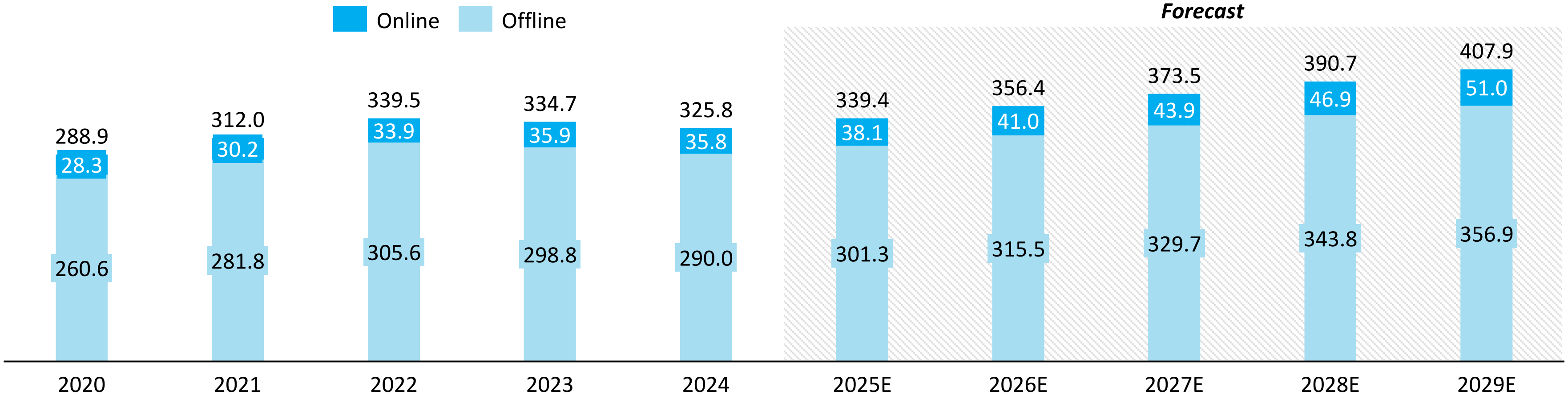
- The tea leaves market comprises two primary categories: pure tea and processed tea. Pure tea consists solely of unblended tea leaves, without any added flavorings or ingredients. In contrast, processed tea refers to products blended with flowers, fruits, herbs, or other natural components to create unique flavors. Between 2020 and 2024, pure tea products consistently dominated China’s tea market, with sales increasing from approximately RMB274.6 billion to approximately RMB296.7 billion, representing a CAGR of approximately 2.0%. Although pure tea continues to account for the vast majority of total sales, its growth rate remained relatively modest. In contrast, processed tea products demonstrated significantly stronger growth momentum. Sales in this category rose from approximately RMB14.3 billion to approximately RMB29.0 billion over the same period, achieving a CAGR of approximately 19.4%. This sharp increase was largely driven by a surge in jasmine tea consumption during 2020 and 2021. The expanding market share of processed tea reflects a clear shift in consumer preference toward more diversified, flavored, and functional tea options. Looking ahead, this structural trend is expected to continue. From 2024 to 2029, pure tea sales are projected to grow at a CAGR of approximately 4.6%, while processed tea is forecast to expand at approximately 5.0%. The relatively faster growth of processed tea highlights the increasing importance of product innovation and differentiated taste experiences in shaping future consumption behavior.

Source: Frost & Sullivan Analysis and Estimates

Tea Leaves Market Breakdown by Channel (China)

Tea Leaves Market Breakdown by Channel, China
RMB Billion; 2020-2029E

CAGR	Total	Online	Offline
2020-2024	3.0%	6.1%	2.7%
2024-2029E	4.6%	7.3%	4.2%



Notes: the market size refers to the sales revenues of tea leaves within mainland of China through online and offline channels

- With the well-established internet infrastructure and fast development of e-commerce economy, many traditional China's tea leaves companies have progressively adopted online distribution channels (such as Taobao, Tmall, JD, and Pinduoduo) and formed omnichannel capabilities. Furthermore, the booming of livestream shopping (such as Tiktok) has encouraged companies to strengthen their online presence to expand extra touchpoints for reaching customers. As a result, the online tea leaves segment increased from approximately RMB28.3 billion in 2020 to approximately RMB35.8 billion in 2024, representing a CAGR of approximately 6.1% during the period while the offline tea leaves segment recorded a slower growth rate at a CAGR of approximately 2.7% during the same period. The online channel is expected to grow at a faster rate than the offline channel due to seamless shopping experiences driven by greater transparency in product sourcing and reviews and AI-powered recommendations. The market size of online channels and offline channels are expected to reach approximately RMB51.0 billion and approximately RMB356.9 billion by 2029, respectively.

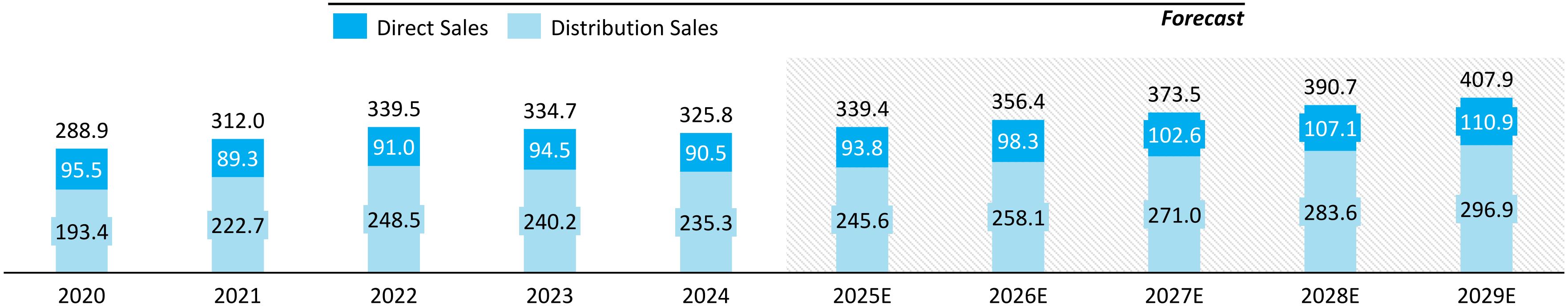
Source: Frost & Sullivan Analysis and Estimates

Tea Leaves Market Breakdown by Sales Model (China)

Tea Leaves Market Breakdown by Sales Model, China

RMB Billion; 2020-2029E

CAGR	Total	Direct Sales	Distribution Sales
2020-2024	3.0%	-1.3%	5.0%
2024-2029E	4.6%	4.2%	4.8%



Notes: the market size refers to the sales revenues of tea leaves within mainland of China through direct sales and distribution sales models

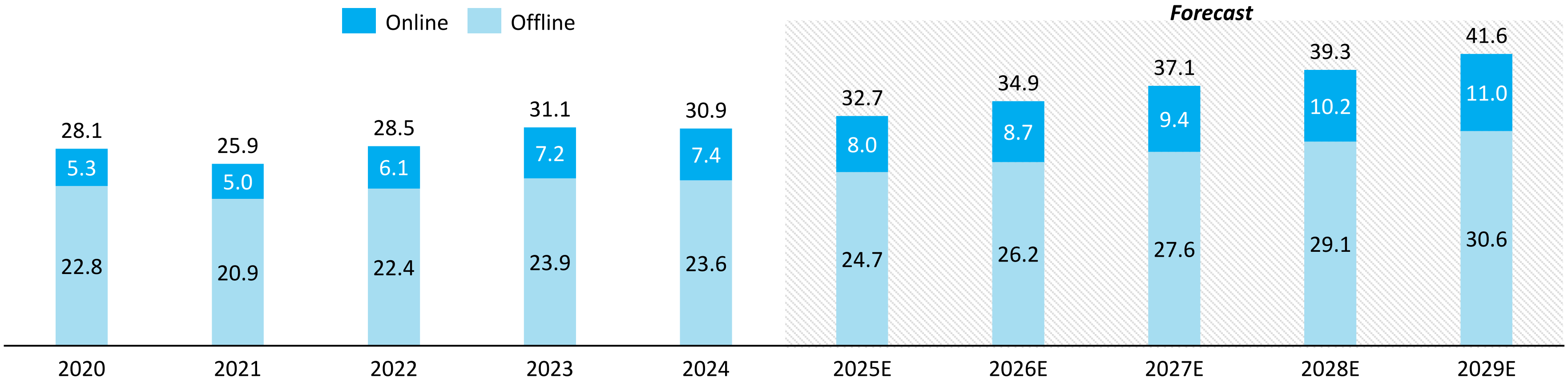
- The distribution sales model enables tea companies to rapidly expand market coverage, while the direct sales model is more conducive to building a unified brand image and maintaining control over service quality and pricing. Direct sales refer to the sale of tea products directly to consumers through brand-owned online stores or physical retail outlets. This model fosters direct interaction between the brand and consumers, supports consistent branding, and allows for personalized service and stronger customer relationships. In contrast, distribution sales involve selling tea products through intermediaries such as distributors, who purchase in bulk and resell to retailers or end consumers. Distributors play a critical role in expanding market reach by facilitating access to broader retail networks. In China’s tea industry, franchisees and franchised stores are common forms of distribution.
- Between 2020 and 2024, distributor channels steadily expanded in China’s domestic tea market, with sales rising from approximately RMB193.4 billion to approximately RMB235.3 billion, reflecting a CAGR of approximately 5.0%. Their role in the overall sales structure continued to strengthen, driven by wider market coverage and greater retail efficiency. Meanwhile, direct sales declined from approximately RMB95.5 billion to approximately RMB90.5 billion, with a negative CAGR of approximately 1.3%, indicating a weakening position amid growing channel competition. Looking ahead, distributor channels are expected to maintain their lead, supported by supply chain advantages and broader offline presence.

Source: Frost & Sullivan Analysis and Estimates

Oolong Tea Leaves Market Breakdown by Channel (China)

Oolong Tea Leaves Market Breakdown by Channel, China
RMB Billion; 2020-2029E

CAGR	Total	Online	Offline
2020-2024	2.5%	8.6%	0.9%
2024-2029E	6.1%	8.4%	5.3%



Notes: the market size refers to the sales revenues of Oolong tea leaves within mainland of China

- From 2020 to 2021, the Oolong tea leaves market demonstrated a downturn due to the increasing Oolong tea leaves production volume caused a sharp decline in the average price of Oolong tea. However, as the economy recovers and consumer demand grows, driven by its moderate flavor and health benefits, the Oolong tea leaves market is expected to increase from approximately RMB30.9 billion in 2024 to approximately RMB41.6 billion in 2029, representing a CAGR of approximately 6.1% from 2024 to 2029. Notably, the online channel has contributed the strongest growth momentum in recent years, with a CAGR of approximately 8.6% from 2020 to 2024, significantly outperforming offline sales, which grew at only approximately 0.9% over the same period. This reflects the growing digital engagement of tea consumers, particularly among younger demographics who prefer the convenience, variety, and branding experience offered by online platforms. Among various tea types, Oolong tea has gained notable traction in the ready-to-drink segment, which in turn has boosted its popularity among younger consumers and positioned it as a lifestyle beverage. As a result, the online Oolong tea segment is projected to grow further, reaching approximately RMB11.0 billion by 2029, with a CAGR of approximately 8.4% from 2024 to 2029.

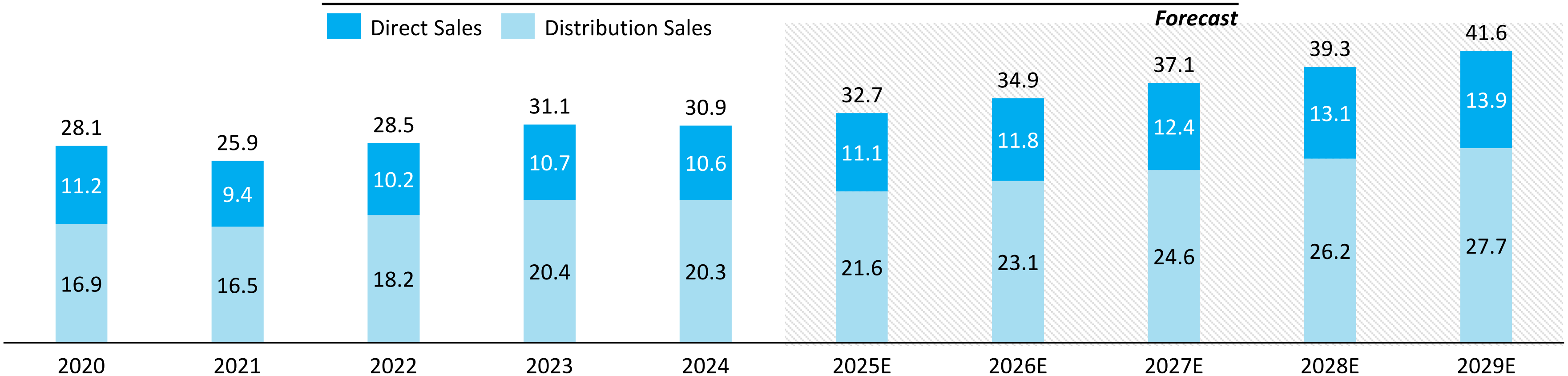
Source: Frost & Sullivan Analysis and Estimates

Oolong Tea Leaves Market Breakdown by Sales Model (China)

Oolong Tea Leaves Market Breakdown by Sales Model, China

RMB Billion; 2020-2029E

CAGR	Total	Direct Sales	Distribution Sales
2020-2024	2.5%	-1.2%	4.7%
2024-2029E	6.1%	5.5%	6.4%



Note: the market size refers to the sales revenues of Oolong tea leaves within mainland of China through direct sales and distribution sales models

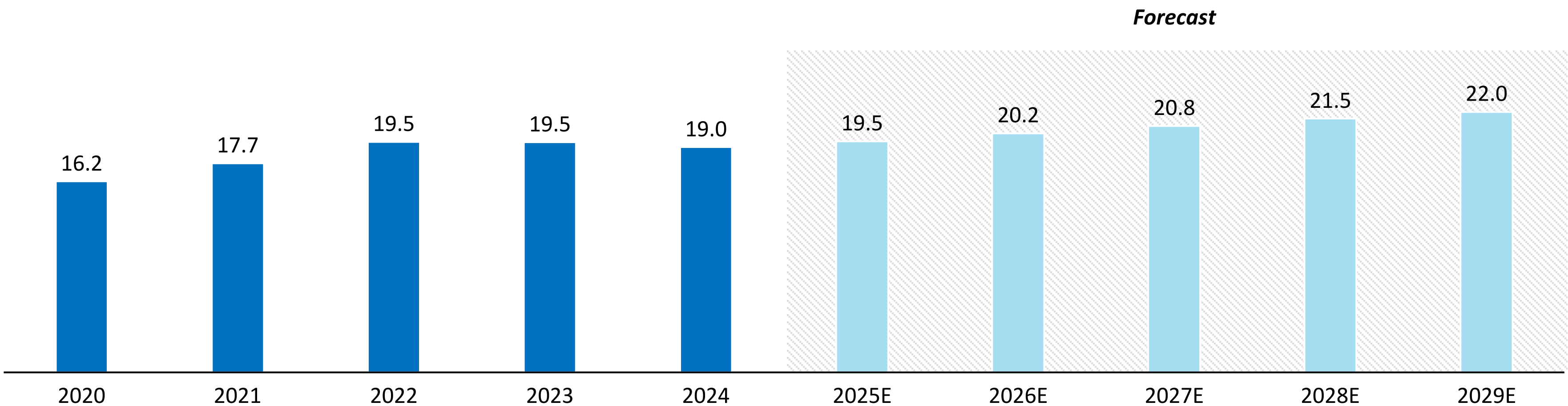
- The sales channels of Oolong tea leaves in China primarily consist of two models: direct sales and distribution sales. Direct sales refer to brand-operated stores, both online and offline, which enable tighter control over brand image, service quality, and pricing. In contrast, distribution sales involve third-party dealers and are widely adopted in the tea industry due to their ability to rapidly expand market reach. While both models coexist in the Oolong tea market, the distribution model accounts for a larger share, as it offers greater scalability and cost efficiency. However, direct sales often require higher upfront investment and operational capability. From 2020 to 2024, distributor channels played an increasingly dominant role in Oolong tea sales. Sales through distributors rose from approximately RMB 16.9 billion to approximately RMB20.3 billion, with a CAGR of approximately 4.7%. Their growing importance reflects a structural preference for broader retail coverage and improved channel efficiency. In contrast, direct sales declined slightly from approximately RMB11.2 billion to approximately RMB 10.6 billion, registering a negative CAGR of approximately 1.2%. This underperformance underscores the challenges associated with scaling brand-owned channels, particularly in an environment of rising operational costs and competitive pricing. Looking ahead, both models are expected to grow between 2024 and 2029. Distributor sales are projected to remain dominant, with a CAGR of approximately 6.4%, while direct sales are forecast to recover, with a CAGR of approximately 5.5%, supported by increasing online penetration and stronger engagement from younger, brand-conscious consumers.

Source: Frost & Sullivan Analysis and Estimates

Tea ware Market

Tea Ware Market, China
RMB Billion; 2020-2029E

CAGR	2020-2024	2024-2029E
Tea Ware Market	4.2%	3.0%



Note: the market size refers to the sales revenues of tea ware products within mainland of China.

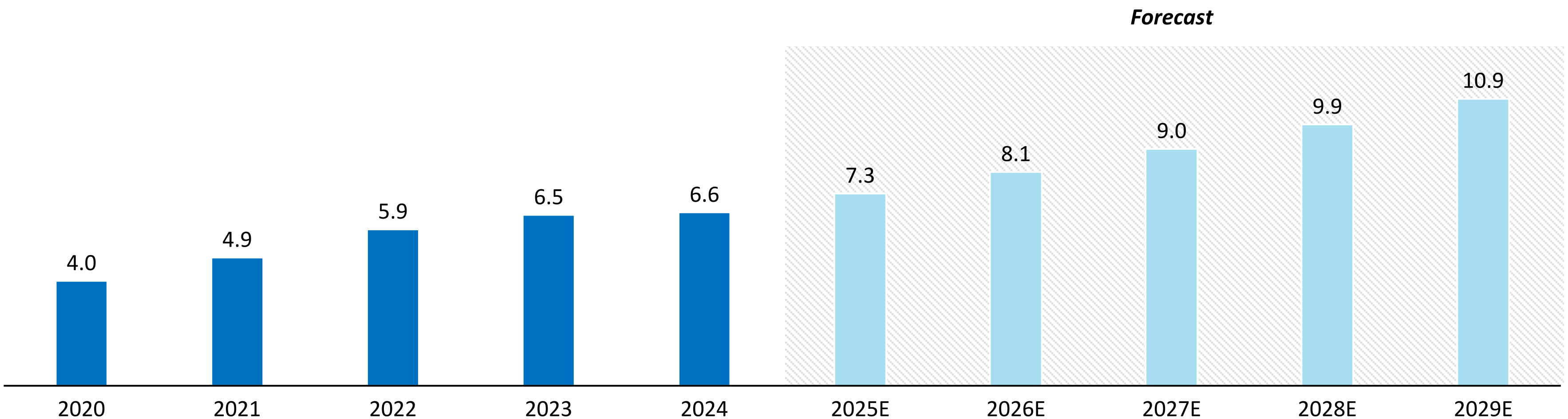
- Tea ware refers to utensils used in preparation, serving and enjoyment of tea, including teapots, teacups, tea bowls, tea trays, tea scoops, and other related items. Tea ware can be made from a wide range of materials, such as ceramic, glass, metal and clay. The craftmanship, design and material of tea ware are considered important elements that contribute to the tea-drinking experience. Driven by increasing popularity of tea culture, and the resurgence of traditional cultural practices, including tea ceremonies, China's tea ware market has experienced steady growth, increasing from approximately RMB16.2 billion in 2020 to approximately RMB19.0 billion in 2024 with a CAGR of approximately 4.2% over the five-year period. In the long run, the tea ware market in China is expected to continue its upward trajectory and reach approximately RMB22.0 billion by 2029, representing a CAGR of approximately 3.0% from 2024 to 2029.

Source: Frost & Sullivan Analysis and Estimates

Tea-made Snacks Market

Tea-made Snacks Market, China
RMB Billion; 2020-2029E

CAGR	2020-2024	2024-2029E
Tea-made Snacks Market	13.4%	10.6%



Note: the market size refers to the sales revenues of tea-made snacks within mainland of China

- Tea-made snacks refer to the food products created by processing tea leaves into ultra-fine tea powder, tea extracts, and natural active tea ingredients, which are then combined with other ingredients. Popular tea-made snacks include tea-flavored candies, pastries, preserved fruits, and frozen desserts. Tea-made snack promotes a new consumer culture that evolves from the traditional practice of drinking tea to the innovative concept of eating tea, offering a more convenient way to enjoy tea. Driven by growing consumer interest in health and wellness, increasing preference for natural and functional foods, and the rising popularity of tea culture, the tea-made snacks market in China increased from approximately RMB4.0 billion in 2020 to approximately RMB6.6 billion in 2024 with a CAGR of approximately 13.4% during this period. As consumers continue to seek products that offer both flavor and health benefits, the market is expected to expand further, reaching approximately RMB10.9 billion by 2029 with a CAGR of approximately 10.6% from 2020.

Source: Frost & Sullivan Analysis and Estimates

Tea-related Derivative Products

- The trend of Chinese tea brands expanding into tea-related products beyond traditional leaves is gaining momentum in the market. This shift is fueled by changing consumer preferences, a push for innovation, the need to diversify revenue streams, and a growing emphasis on health, wellness, and lifestyle experiences. This strategic move enables brands to develop new products, reach a wider customer base, and access the expanding wellness market.

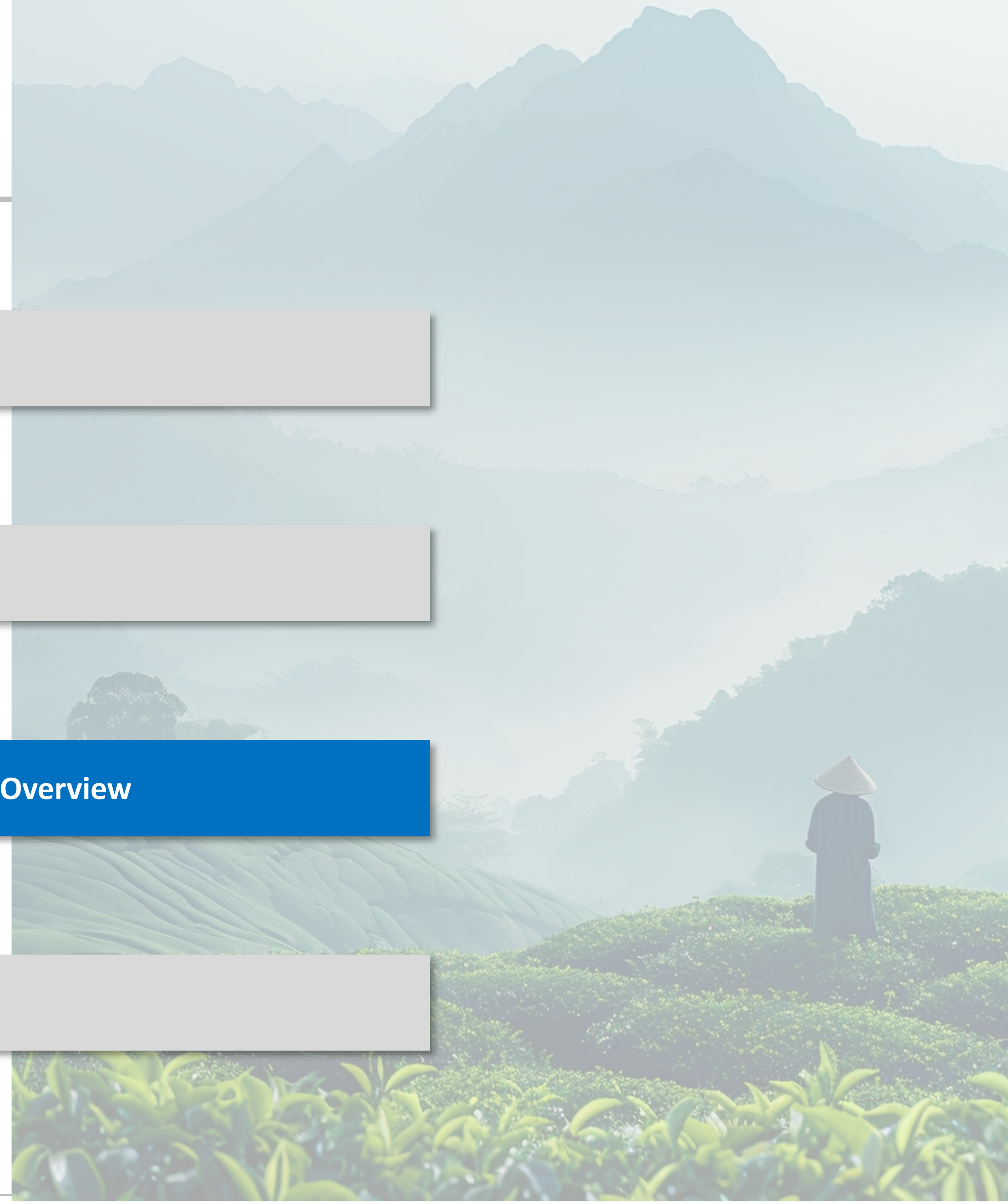
- As an illustration, tea brands are venturing into the beauty and personal care industry by introducing skincare products enriched with tea extracts. Green tea, renowned for its anti-inflammatory and antioxidant properties, is a sought-after ingredient in beauty formulations. Brands are introducing facial masks, toners, moisturizers, and serums infused with tea extracts to cater to the rising demand for natural and organic beauty solutions. Similarly, tea-infused hair care items such as shampoos, conditioners, and hair masks are gaining traction. Tea is valued for its ability to enhance scalp health, promote hair growth, and provide hydration, making it a desirable addition to the beauty and personal care sector.

- Furthermore, tea brands are entering the dietary supplement market by introducing capsules, tablets, or powders containing concentrated tea extracts like green tea extract or Pu'er. These supplements are promoted for their weight loss, detoxification, and antioxidant properties, offering consumers the health benefits of tea without the need to consume brewed tea. Additionally, tea powders such as matcha (green tea powder) or Pu'er powder are gaining popularity as versatile ingredients for cooking and baking. Brands are introducing specialty products for culinary purposes, including matcha-infused baking mixes, tea-based protein powders, and even tea-flavored sauces and dressings.

- Diversifying into derivative products enables tea brands to elevate their brand value and establish stronger connections with consumers. Providing a range of products allows tea brands to cater to various market segments, from health-conscious individuals to beauty enthusiasts. This approach can cultivate brand loyalty, as consumers who appreciate a brand's primary tea offerings may be inclined to explore its additional products. Moreover, tea-related derivatives enable brands to access varied markets beyond conventional tea sales. This diversification tactic assists brands in lessening reliance on the core tea market, which may be influenced by seasonal patterns and market shift

Source: Frost & Sullivan Analysis and Estimates

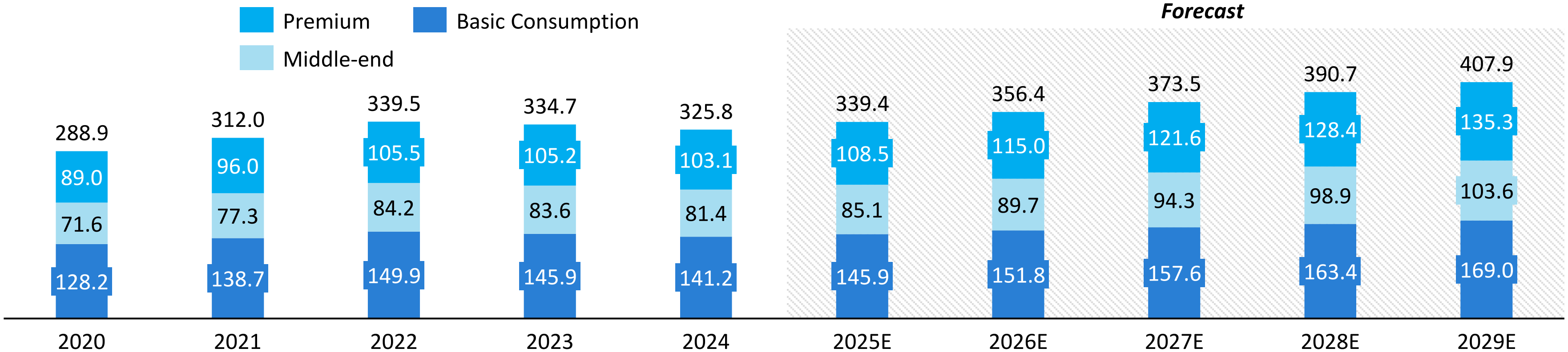
Agenda



Tea Leaves Market Breakdown by Price Range (China)

Tea Leaves Market Breakdown by Price Range, China
RMB Billion; 2020-2029E

CAGR	Total	Premium	Middle-end	Basic Consumption
2020-2024	3.0%	3.7%	3.3%	2.4%
2024-2029E	4.6%	5.6%	4.9%	3.7%



Note: The market size refers to the sales revenue of tea leaves within mainland China

- The sales of premium tea are heavily dependent on offline customer experience. It emphasizes interpersonal interactions, including comprehensive product display, tea tasting and immersive tea space experiences. China's premium tea leaves market has shown an above-average CAGR of approximately 3.0% between 2020 and 2024, increasing from approximately RMB89.0 billion to approximately RMB103.1 billion. In 2024, premium tea leaves represented approximately 31.7% of the total tea leaf market in China. Such growth is mainly driven by consumers' increasing willingness to pursue health and wellness, and high demands of high-quality tea leaves, creating a road of branding. Characteristics of premium tea include rigorous requirements for selecting raw materials, production process, storage methods, packaging, and so on, resulting in high product prices. Furthermore, premium tea brands usually exhibit high customer loyalty and strong customer service standards. In contrast, the basic consumption tea segment demonstrated a relatively slower growth compared to the premium tea segment. The reason is that with the increasing disposable income and greater health consciousness, more customers would shift from low-end and unbranded tea to branded and trustworthy tea. This shift underscores the growing preference for quality and brand awareness among Chinese tea consumers, further propelling the expansion of the premium tea leaf segment. By 2029, the market size of the basic mass consumption tea segment in terms of sales revenue is expected to reach approximately RMB169.0 billion, while the market size of the premium tea segment in terms of sales revenue is projected to increase to approximately RMB135.3 billion.

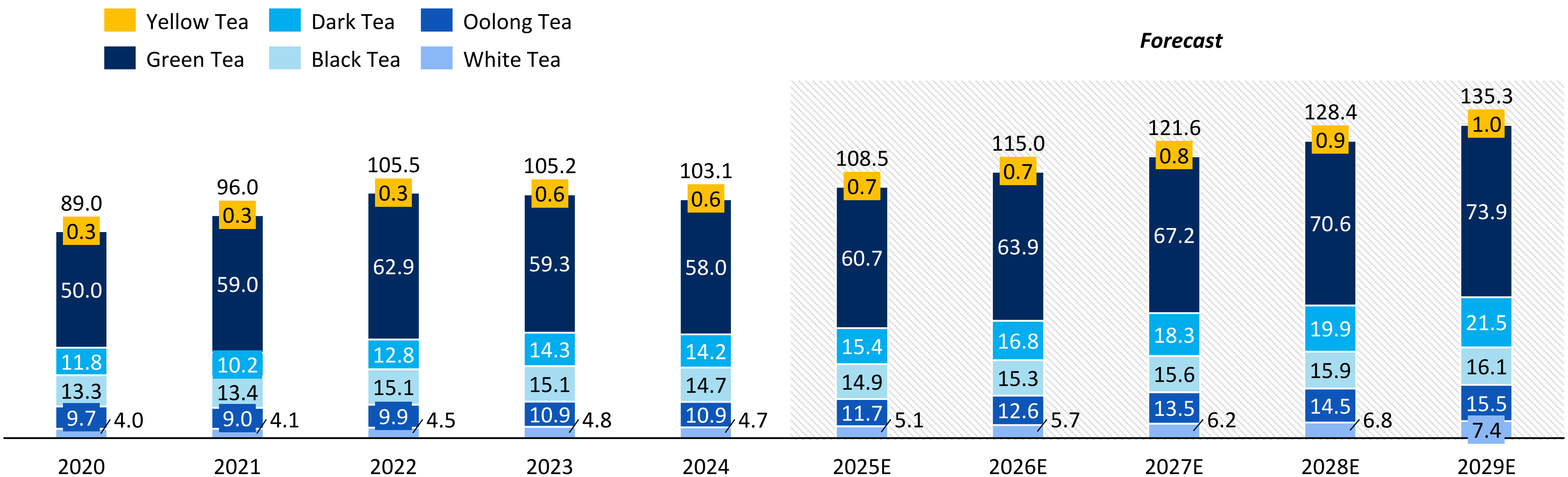
Source: Frost & Sullivan Analysis and Estimates

Premium Tea Leaves Market Breakdown by Type (China)

Premium Tea Leaves Market Breakdown by Type, China

RMB Billion; 2020-2029E

CAGR	Total	Green Tea	Dark Tea	Black Tea	Oolong Tea	White Tea	Yellow Tea
2020-2024	3.7%	3.8%	4.7%	2.5%	3.1%	4.2%	19.3%
2024-2029E	5.6%	5.0%	8.6%	1.9%	7.2%	9.4%	10.1%



Note: The market size refers to the sales revenue of premium tea leaves within mainland of China

- Green tea has been prevalent in China for centuries and continues to contribute the largest proportion for the premium tea leaves market. There are a lot of types of premium green tea that have strict picking standards and specific timing for harvest, especially before the Qingming festival. Thus, the premium green tea will continue to increase from approximately RMB58.0 billion in 2024 to approximately RMB73.9 billion in 2028. Dark tea, compared to green tea, can be preserved for a long time, the longer the fermentation, the higher the price, making it easy to offer premium tea products. The proportion of premium dark tea is expected to take approximately 15.9% of the premium tea leaves market, reaching approximately RMB21.5 billion by 2029.

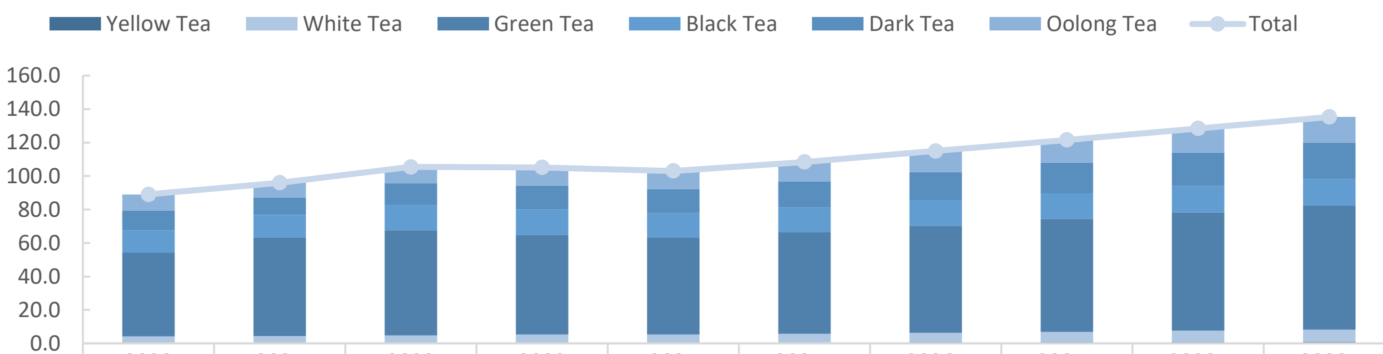
Source: Frost & Sullivan Analysis and Estimates

Premium Tea Leaves Market Breakdown by Type (China)

Premium Tea Leaves Market Breakdown by Type, China

RMB Billion; 2020-2029E

CAGR	Total	Green Tea	Dark Tea	Black Tea	Oolong Tea	White Tea	Yellow Tea
2020-2024	3.7%	3.8%	4.7%	2.5%	3.1%	4.2%	19.3%
2024-2029E	5.6%	5.0%	8.6%	1.9%	7.2%	9.4%	10.1%



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
Oolong Tea	9.7	9.0	9.9	10.9	10.9	11.7	12.6	13.5	14.5	15.5
Dark Tea	11.8	10.2	12.8	14.3	14.2	15.4	16.8	18.3	19.9	21.5
Black Tea	13.3	13.4	15.1	15.1	14.7	14.9	15.3	15.6	15.9	16.1
Green Tea	50.0	59.0	62.9	59.3	58.0	60.7	63.9	67.2	70.6	73.9
White Tea	4.0	4.1	4.5	4.8	4.7	5.1	5.7	6.2	6.8	7.4
Yellow Tea	0.3	0.3	0.3	0.6	0.6	0.7	0.7	0.8	0.9	1.0
Total	89.0	96.0	105.5	105.2	103.1	108.5	115.0	121.6	128.4	135.3

Note: The market size refers to the sales revenue of premium tea leaves within mainland of China

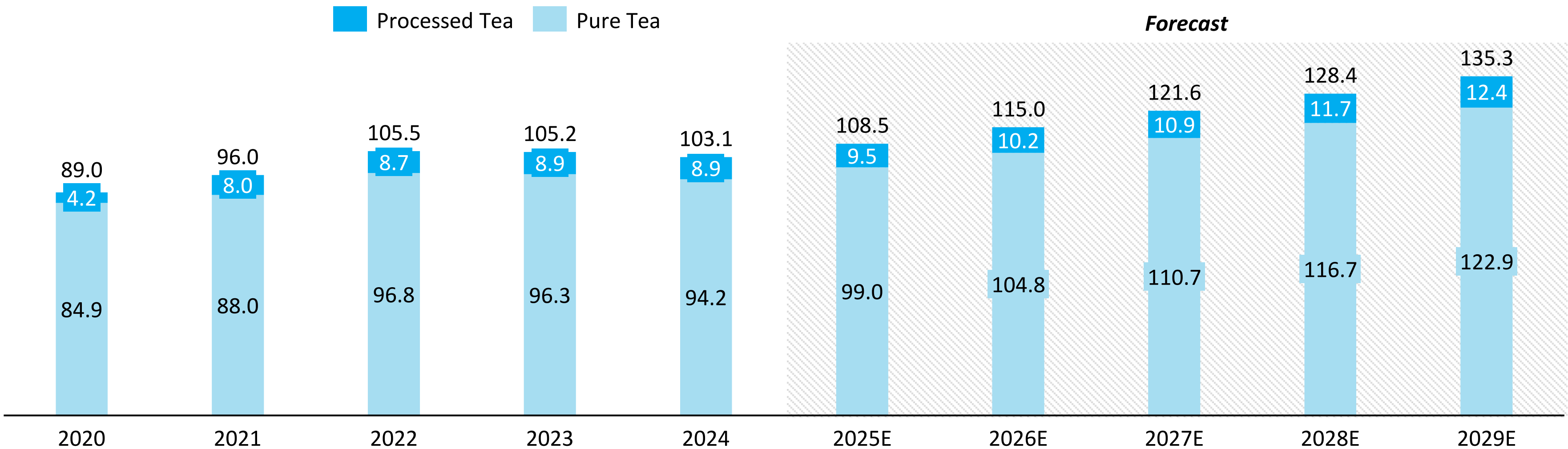
Source: Frost & Sullivan Analysis and Estimates

Premium Tea Leaves Market Breakdown by Category (China)

Premium Tea Leaves Market Breakdown by Category, China

RMB Billion; 2020-2029E

CAGR	Total	Pure Tea	Processed Tea
2020-2024	3.7%	2.7%	20.7%
2024-2029E	5.6%	5.5%	7.0%



Note: The market size refers to the sales revenue of premium tea leaves within mainland of China

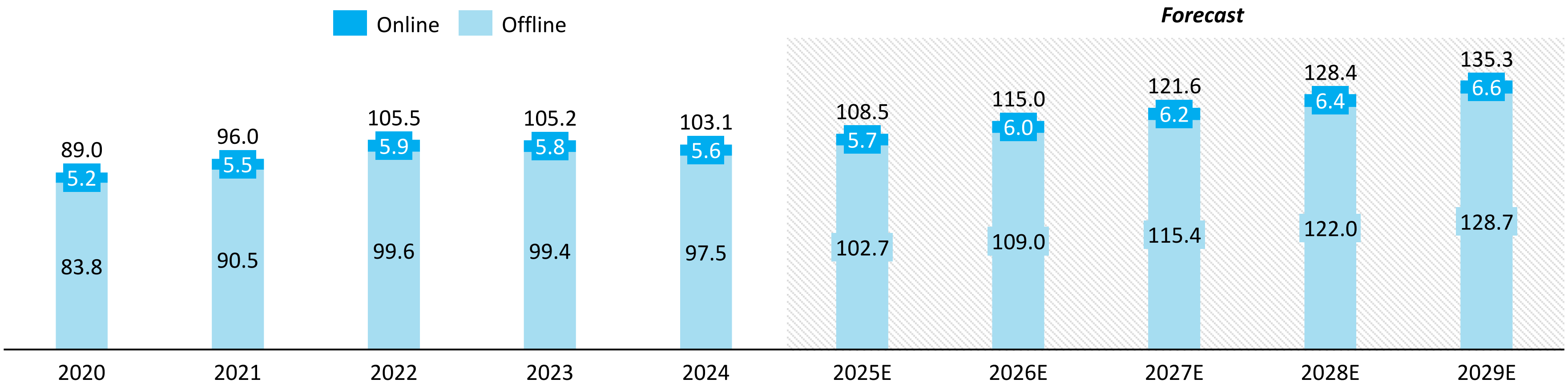
- Premium tea can be presented in different scenarios, such as business occasion, hospitality event, souvenir and etc. Pure tea type is the most common way of sending someone as a gift or enjoying as part of high-quality lifestyle. As a result, the premium pure tea segment is expected to increase from approximately RMB103.1 billion in 2024 to approximately RMB135.3 billion in 2029, representing a CAGR of approximately 5.5% during the period. Meanwhile, benefiting from the increasing disposable income and growing interests in variety and innovation of young generation, the processed tea segment demonstrated a rapid growth rate for the last five years. By 2029, the premium processed tea segment is forecasted to continue to expand and reach approximately RMB12.4 billion by 2029, with a CAGR of approximately 7.0% between 2024 and 2029.

Source: Frost & Sullivan Analysis and Estimates

Premium Tea Leaves Market Breakdown by Channel (China)

Premium Tea Leaves Market Breakdown by Channel, China
RMB Billion; 2020-2029E

CAGR	Total	Online	Offline
2020-2024	3.7%	1.6%	3.9%
2024-2029E	5.6%	3.6%	5.7%



Note: The market size refers to the sales revenue of premium tea leaves within mainland of China through online and offline channels

- The offline brick-and-mortar stores serve as the major sales channel for premium tea leaves products, not only because their relatively high average order value, but more importantly, unique, private and privilege services could be provided including comprehensive product display, tea tasting and tea art performance. The sales revenues of premium tea leaves products generated from the offline channel increased from approximately RMB83.8 in 2020 to approximately RMB97.5 in 2024, representing a CAGR of approximately 3.7% during the period. During the same period, the online channel for premium teal leaves products experienced stable growth at CAGR of approximately 1.6% from approximately RMB5.2 billion to approximately RMB5.6 billion. Fueled by the further expansion of offline sales network by leading tea leave brand including the increase in the number of self-operated specialty stores and strategic collaboration with qualified retailers or franchisees, and creating captivating in-store experience for customers to enhance the appeal of premium tea products, such as attractive packaging, knowledgeable staff, and engaging product displays, the sales revenues of premium tea leaves products through offline channel is projected to grow at CAGR of approximately 5.7% since 2024, reaching approximately RMB128.7 billion by 2029.

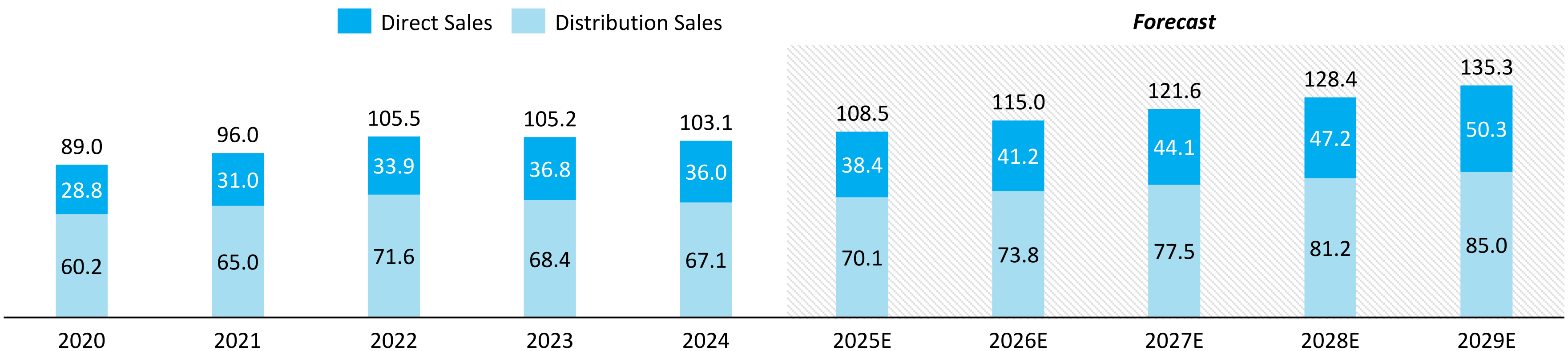
Source: Frost & Sullivan Analysis and Estimates

Premium Tea Leaves Market Breakdown by Sales Model (China)

Premium Tea Leaves Market Breakdown by Sales Model, China

RMB Billion; 2020-2029E

CAGR	Total	Direct Sales	Distribution Sales
2020-2024	3.7%	5.7%	2.8%
2024-2029E	5.6%	6.9%	4.8%



Note: The market size refers to the sales revenue of premium tea leaves through direct sales and distributions sales models

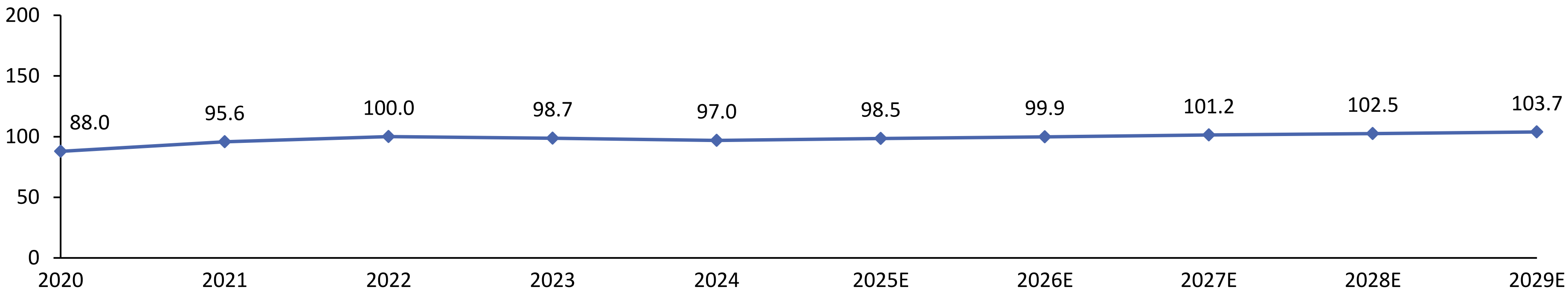
- From 2020 to 2024, direct sales steadily expanded in China's high-end tea segment, with sales increasing from approximately RMB28.8 billion to approximately RMB36.0 billion, achieving a CAGR of approximately 5.7%. Despite a brief decline in 2023 and 2024, the direct sales model remained resilient, reflecting rising consumer demand for personalized service, brand authenticity, and controlled retail experiences in the premium segment. In contrast, distributor channel sales in the high-end tea category grew more slowly, rising from approximately RMB60.2 billion in 2020 to approximately RMB67.1 billion in 2024, with a CAGR of approximately 2.8%. Although the distribution model continues to account for a larger portion of total sales, its relative share has gradually declined as premium consumers increasingly favor curated and consistent brand experiences. Looking ahead, both models are expected to expand between 2024 and 2029. Direct sales are forecasted to grow at a CAGR of approximately 6.9%, outpacing distributor sales, which are projected to grow at approximately 4.8%. The continued rise of direct sales is likely to be driven by the growing influence of online flagship stores, brand-owned retail channels, and the premiumization trend across consumer segments.

Source: Frost & Sullivan Analysis and Estimates

Raw Material Cost (1/2)

Price of Rough Tea Leaves, China
RMB/kg; 2020-2029E

CAGR	2020-2024	2024-2029E
Price of Rough Tea Leaves	2.5%	1.4%



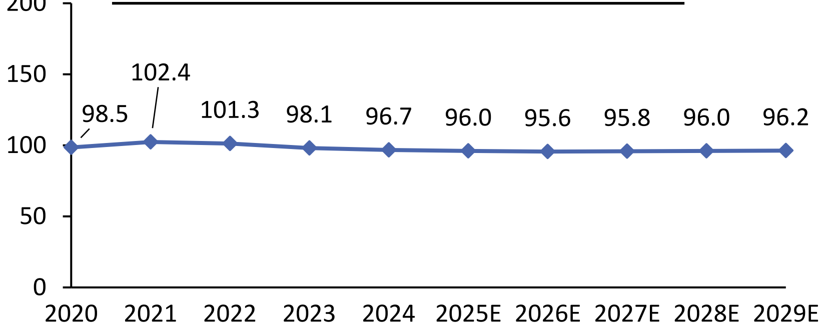
- From 2020 to 2022, the price of rough tea leaves in China increased steadily from approximately RMB88.0/kg to approximately RMB100.0/kg, supported by upstream cost pressures and seasonal supply fluctuations. However, this upward trend was disrupted in 2023 and 2024, when prices declined consecutively to approximately RMB98.7/kg and RMB97.0/kg, indicating short-term market corrections. The two-year decline reflects temporary oversupply conditions, weakened downstream demand, and potential inventory adjustments across the supply chain. Despite this downturn, the average price for the 2020–2024 period still recorded a moderate CAGR of approximately 2.5%. Looking ahead to 2024–2029, the price is expected to resume a gradual upward trajectory, reaching approximately RMB103.7/kg by 2029, with a slower CAGR of approximately 1.4%. This deceleration suggests a more stabilized supply-demand dynamic and efficiency gains in cultivation and logistics. For downstream tea processors, the recent price volatility highlights the need for flexible procurement strategies and enhanced cost control mechanisms to mitigate raw material risks.

Source: China Tea Marketing Association, Frost & Sullivan Analysis and Estimates

Raw Material Cost (2/2)

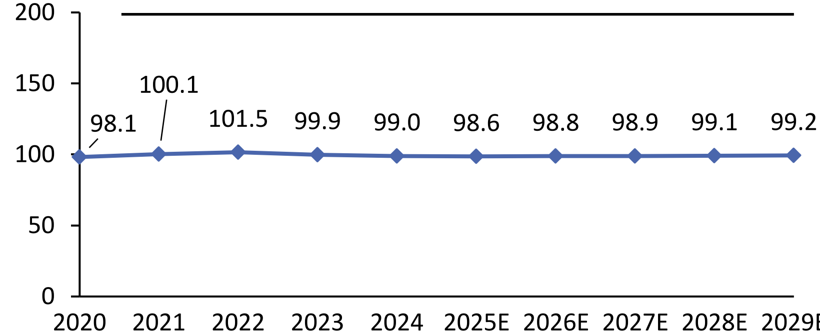
Producer Price Index: Paper , China
2020-2029E

CAGR	2020-2024	2024-2029E
PPI: Paper	-0.4%	-0.1%



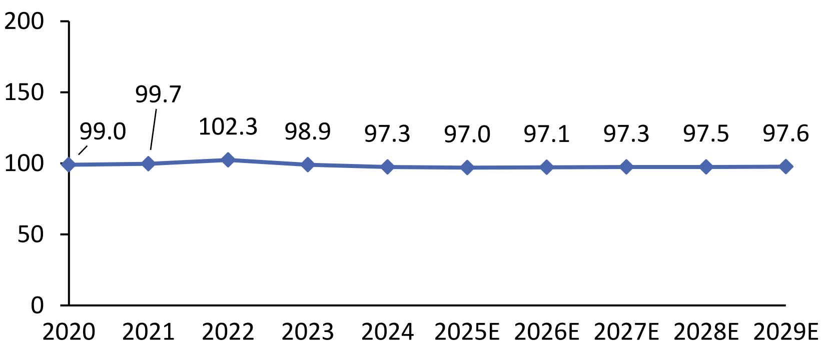
Producer Price Index: Wood Products, China
2020-2029E

CAGR	2020-2024	2024-2029E
PPI: Wood Products	0.2%	0.1%



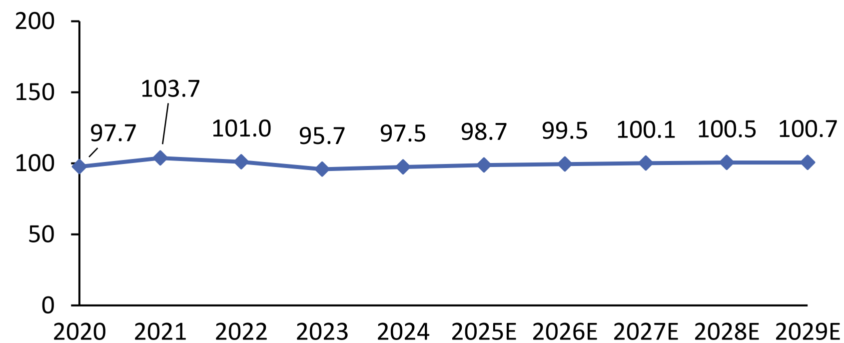
Producer Price Index: Ceramic Products , China
2020-2029E

CAGR	2020-2024	2024-2029E
PPI: Ceramic Products	-0.4%	0.1%



Producer Price Index: Plastic Products, China
2020-2029E

CAGR	2020-2024	2024-2029E
PPI: Plastic Products	-0.1%	0.6%



Source: National Bureau of Statistics of China, Frost & Sullivan Analysis and Estimates

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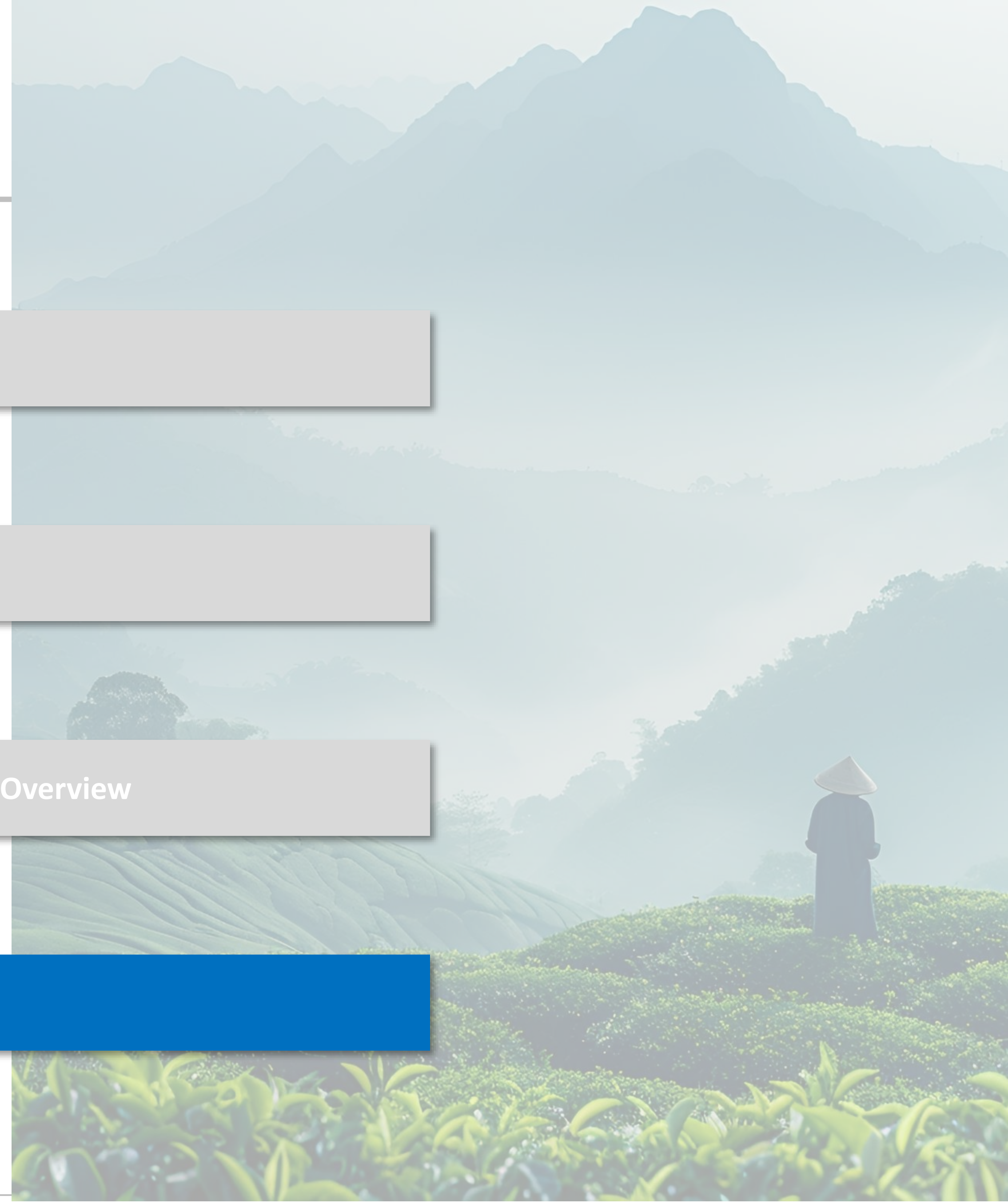

Market Drivers Analysis of China's Tea Leaves Market

- **Vibrant Tea Culture and Historical Significance of Tea Consumption**

Tea holds a profound place in Chinese culture, woven into daily rituals, ceremonies, festivals, and social interactions. With a history spanning millennia, tea symbolizes hospitality, reverence, and cultural heritage. This enduring tradition ensures that tea remains an integral part of everyday life for the Chinese populace, sustaining a steady demand for tea leaves. Consequently, China's vibrant tea culture and the deep-rooted historical importance of tea consumption significantly fuel the domestic appetite for tea leave

- **Growing Health and Wellness Trends**

Health and wellness trends have played a pivotal role in shaping consumer habits in China, driving the popularity of different tea varieties. With an increasing awareness of the connection between diet and well-being, the preference for natural and functional food and beverages, like tea, is on the rise. Tea's array of antioxidants, polyphenols, and other health-promoting elements make it a compelling choice for health-conscious individuals. Varieties such as oolong tea and herbal teas are promoted for their diverse health advantages, including enhancing immunity, aiding detoxification, managing weight, and promoting cardiovascular health.

- **Diversification of Consumer Groups**

Traditionally, tea consumption was associated with older men, but this dynamic has shifted significantly in recent years. Younger individuals and female have increasingly embraced tea consumption. With a heightened focus on health and a preference for natural, wellness-oriented products, teas have gained popularity among these demographics. The emergence of convenient, customizable tea options caters to their fast-paced urban lifestyles. Social media and influencer culture further boost this trend, as younger consumers seek out novel tea experiences that can be shared online. For the female, tea is not only a symbol of self-care and relaxation but also fosters personal well-being and social connections. In response, numerous tea brands are introducing new products to meet the needs of these growing consumer segments.

- **Branding and Premium Evolution of Tea Leaves**

Branding and the premium evolution of tea products, emphasizing quality, heritage, and distinctive experiences, are pivotal in propelling growth in the Chinese tea market as consumer habits evolve and disposable incomes increase. The brands with long history origins and rich brand culture emphasize their history and culture in their branding and marketing initiatives. Renowned tea brands are introducing premium tea products that highlight their regional roots, the mastery of tea artisans, the intricate production methods, and the cultural significance of each tea variety. These branding narratives not only elevate the perceived worth of the tea but also foster a stronger emotional bond between the brand and consumers, positioning premium teas as a cultural and aspirational selection rather than just a basic commodity.

Source: Frost & Sullivan Analysis and Estimates

Future Trends Analysis of China's Tea Leaves Market (1/2)

- **Globalization of Chinese Tea**

In 2024, the export volume of tea leaves hit around 0.4 million units, yielding revenue of about USD 1.4 billion. As global fascination with Chinese tea rises, especially premium types like Oolong, Longjing, and Pu'er, China's tea exports are poised for expansion. Markets abroad, notably in North America, Europe, and Southeast Asia, will persist in seeking top-notch Chinese teas. Chinese tea manufacturers will concentrate on bolstering their international footprint, partnering with global distributors, and tailoring their offerings to suit varied tastes and preferences across different regions.

- **Growing Demand for Premium and Specialty Teas**

The trend towards premiumization is expected to remain prevalent in the market. As disposable incomes increase, Chinese consumers are becoming increasingly selective about the quality and origins of their tea. Premium teas such as top-tier green teas (such as Longjing), white teas, oolong teas, and rare varieties like Pu'er are anticipated to experience a surge in demand. These teas are often promoted for their authenticity, distinctive flavor profiles, and traditional manufacturing processes. The market will witness a greater focus on scarce, high-quality tea leaves that attract both domestic and international consumers willing to invest more in artisanal and crafted products.

- **Online Tea Purchasing and AI-Driven Recommendations**

E-commerce will persist as a growing avenue for tea sales, particularly popular among younger consumers who prefer online shopping. AI-powered recommendation systems, virtual tea tastings, and augmented reality (AR) tools enabling consumers to explore various tea varieties will become increasingly common. Moreover, live-streaming and influencer marketing will continue to play a significant role in the digital realm, enabling tea brands to engage with consumers and showcase new products in real-time.

- **Tea Blends and Innovation**

To meet changing preferences, there will be increased exploration of tea blends and flavor enhancements. Mixing traditional tea leaves with herbs, flowers, fruits, and spices to craft unique flavors will gain popularity, particularly among younger consumers. Customization and personalization will play a crucial role in the upcoming market, as consumers look for personalized tea experiences.

Source: Frost & Sullivan Analysis and Estimates

Future Trends Analysis of China's Tea Leaves Market (2/2)

- **Tea Culture Experience and Tea Tasting Spaces**

Through the establishment of tea tasting spaces, tea brands are not merely selling products but curating an environment and journey that immerses consumers in the richness and sophistication of tea culture. This strategy elevates the cultural significance of the brand, rendering its image more compelling. Furthermore, by stepping into a tea space, consumers can deepen their connection with the brand through tea sampling, participation in activities, and social interaction. This multi-faceted engagement transcends mere product transactions, encompassing cultural, emotional, and social interactions. Such holistic involvement plays a vital role in nurturing stronger customer bonds. Additionally, these tea tasting spaces provide customers with a laid-back setting for socializing, fostering a brand-specific social community and cultivating a loyal consumer following.

Source: Frost & Sullivan Analysis and Estimates

Entry Barriers Analysis of China's Tea Leaves Market

- **Brand Building and Marketing**

In a market with a deep-rooted history of tea, building brand awareness and introducing to consumers about new, or niche tea products can be challenging. Effective marketing strategies and established brand awareness need to not only emphasize product quality but also convey a compelling narrative about the brand's history, origin, and unique selling points. This might require substantial investment in advertising, content creation, influencer partnerships, and consumer interaction through platforms. In a crowded and competitive market, it becomes challenging to differentiate and gain visibility without high-quality products, a robust marketing strategy and brand influence.

- **Cross-region and Omni-channel Operation**

The sales network for tea products can be diversified, involving traditional specialty stores, wholesalers, distributors, and emerging e-commerce platforms. Sales channels are intricately linked to regional preferences and consumption patterns, necessitating in-depth local understanding and networks to successfully enter the market. Navigating these diverse channels and establishing partnerships with distributors, franchisees, retailers, and online platforms requires strong cross-region operational capabilities and wide range of products that cater to consumers from different regions, making it a time-consuming and resource-intensive process for newcomers.

- **Offering Full-range Products to Meet Consumer Preferences**

Chinese consumers exhibit distinct preferences for tea, which are influenced by regional traditions, historical customs, and individual routines. Tea consumption varies across different regions in China, with diverse flavors and preparation techniques. For example, Longjing tea is favored in Zhejiang Province, while Oolong tea is renowned in Fujian Province. To successfully cater to regional preferences, new players must engage in market layout that covers a wide range of products to grasp local tastes, blend traditions, and understand the intricacies of various tea cultures. Additionally, smaller businesses may face limitations in offering a comprehensive range of tea products, which could hinder their nationwide expansion efforts.

- **Supply of High-Quality Raw Materials**

China's premier tea-plantation areas, including those in Fujian Province, Zhejiang Province, Yunnan Province, and Anhui Province, boast some of the most coveted tea varieties. Established tea enterprises have typically built their operations in these regions, thereby overseeing not just tea cultivation but also securing rights to prime plantation locations and harvesting tea leaves. These enterprises maintain strong ties with local farmers and regional cooperatives, holding long-term contracts and exclusive sourcing agreements with tea growers. This grants them preferential access to the stable supply of high-quality tea leaves. As a result, the dominance of established tea enterprises over key tea-plantation territories poses a challenge for new players seeking access to the raw materials with the high quality.

Source: Frost & Sullivan Analysis and Estimates

Competitive Landscape of Tea Ware and Tea-made Snacks Markets

Tea Ware Market

Main Players

- The tea ware market is fragmented, with competition spread across several key players. These include companies dedicated to tea ware manufacturing, tea companies, ceramics producers, integrated Chinese tea culture service providers, and home and lifestyle brands.

Key Strength of Tea Companies

- Among different players, tea companies possess significant competitive edges in the market. Their deep knowledge of tea culture and consumer preferences allows them to create tea ware that not only complements their tea offerings but also enriches the overall tea-drinking experience. By offering integrated services that bring together tea ware, tea products, and cultural experiences, tea companies deliver a complete and immersive tea culture experience. Additionally, since tea is often given as a gift in China, tea companies can design tea ware that aligns with the aesthetic and cultural essence of their tea, providing a unified and attractive gift option.

Tea-made Snacks Market

Main Players

- The tea snacks industry in China is notably fragmented, with a market structure that is largely made up of a vast array of smaller and medium-sized businesses. Major participants include food companies, tea companies, and freshly-made tea drink companies.

Key Strength of Tea Companies

- Among different players, tea companies leverage their expertise in tea culture to create complementary products. It not only enhances the tea-drinking experience but also serve as an attractive options for gifting and tea ceremonies. Tea companies hold a unique advantage in the tea snack market due to their well-established supply chains and deep knowledge of different tea varieties, allowing them to craft tea snacks that appeal to a broad range of consumer tastes. Moreover, tea brands are often associated with natural and healthy lifestyles, making their products especially attractive to health-conscious consumers.

Source: Frost & Sullivan Analysis and Estimates

Tea Leaves Industry Policy Analysis (1/2)

Laws and Regulations	Issue Year	Issue Dept.	Description
Opinions on Implementing the Deployment of Key Work on Comprehensively Promoting Rural Revitalization in 2023 by State Council 《关于落实党中央国务院2023年全面推进乡村振兴重点工作部署的实施意见》	2023	Ministry of Agriculture and Rural Affairs of the People's Republic of China	Promote the diversified development of fruit, vegetables and tea. Enhance transformation of old orchard and tea plantation. Launch successful China International Agricultural Products Fair and China International Tea Expo and other related exhibitions.
Fourteenth Five-Year Plan for the Modernization of Agriculture and Rural Areas 《"十四五"推进农业农村现代化规划》	2022	The State Council	Promote the diversified development of fruit, vegetables and tea. Develop facility-enabled agriculture, and develop special industries such as forestry and fruit industry, Chinese herbs and edible fungi in accordance with local conditions. Integrate tea culture, tea industry, tea science and technology to enhance the quality development of tea industry.
Opinions on Promoting the Healthy Development of the Tea Industry 《关于促进茶产业健康发展的指导意见》	2021	Ministry of Agriculture and Rural Affairs of People's Republic of China; State Administration for Market Regulation; All China Federation of Supply and Marketing Cooperatives	Promote sustainable and high-quality development of China's tea industry, emphasizing its importance in improving preserving Chinese tea culture, enhancing modern production and brand marketing, encouraging the development of diverse sales channels, improving industry standards, and increasing public awareness of tea.
The implementation opinions of the Party Central Committee and the State Council's Ministry of Agriculture and Rural Affairs 《关于落实好党中央、国务院2021年农业农村重点工作部署的实施意见》	2021	Ministry of Agriculture and Rural Affairs of People's Republic of China	Strengthen the construction of agricultural products circulation system. Increase subsidies for the storage and preservation of fresh agricultural products such as tea, vegetables, fruits, and Chinese medicinal materials, build a batch of small-scale storage and preservation cold chain facilities, and encourage the construction of production areas where conditions permit Low Temperature Direct Distribution Center.

Source: Frost & Sullivan Analysis and Estimates

Tea Leaves Industry Policy Analysis (2/2)

Laws and Regulations	Issue Year	Issue Dept.	Description
Opinions on Promoting the Stable Development of the Tea Industry in Poor Areas 《关于促进贫困地区茶产业稳定发展的指导意见》	2020	Ministry of Agriculture and Rural Affairs of People's Republic of China	Accelerate the transformation and upgrading of the tea industry in poverty-stricken areas, accelerate the transformation and upgrading of the tea industry in poverty-stricken areas, promote more optimized industrial layout, outstanding product features, and effective improvement of benefits, and help poverty-stricken areas get rich and rejuvenate the countryside.
Opinions on Deepening Reform and Strengthening Food Safety Work 《中共中央 国务院关于深化改革加强食品安全工作的意见》	2019	The State Council	Strictly control the quality and safety of food processing, implement the graded management of product safety risks for production enterprises; strictly control the quality and safety of circulation and sales, establish a cold distribution system covering the entire chain of base storage, logistics distribution market wholesale, and sales terminals; establish a food safety traceability system, The manufacturer is responsible for the traceability of its products.
Opinions on the Registration of E-commerce Operators 《关于做好电子商务经营者登记工作的意见》	2018	State Administration for Market Regulation	In order to further deepen the reform of the commercial system, standardize e-commerce behaviors, and promote the sustainable and healthy development of e-commerce, the market supervision and management departments of all provinces, autonomous regions, and municipalities directly under the Central Government provide relevant opinions on the registration services of e-commerce operators.

Source: Frost & Sullivan Analysis and Estimates

Profile of Global Leading Tea Companies (1/2)

Twinings

Prestigious British tea company with more than three centuries history. Renowned for its dedication to quality and tea culture by employing Master Blenders to buy, blend and ensure taste consistency.

Business: production, distribution, and retailing of a wide variety of teas, including black, green, herbal, and flavored tea products.

Product Mix: tea bag, loose leaf tea, K-Cup pods

Headquarter: London, UK

Founded Year: 1706

Geographical Coverage: 130+ countries

Harney & Sons

A premium American tea manufacturer which is well-known for its hand-crafted, fine teas and dedication to sustainability. The brand has established a solid reputation among enthusiasts of tea.

Business: production, distribution, and retailing of over 300 varieties of teas from finest tea regions.

Product Mix: tea bag, loose leaf tea, ready-to-drink beverage, candy, tea sip ware

Headquarter: New York, USA

Founded Year: 1983

Geographical Coverage: APAC, North America, Europe

Yorkshire Tea

A beloved British tea brand, is known for its blended smooth flavors and commitment to quality. It has become popular in the UK and holds a strong brand loyalty globally.

Business: production, distribution, and retailing of tea from India, Sri Lanka, and Kenya. It mainly offers black, herbal, and flavored tea.

Product Mix: tea bag, pots, other IP collaboration products

Headquarter: North Yorkshire, UK

Founded Year: 1886

Geographical Coverage: APAC, MENA, North America, Europe

Source: Frost & Sullivan Analysis and Estimates

Profile of Global Leading Tea Companies (2/2)

Lipton

A well-known tea brands with significant presence in both the conventional and ready-to-drink tea markets in the world, providing a broad variety of reasonably priced and easily accessible tea products.

Business:
planting, production, distribution, and retailing of a wide variety of teas, mainly are green tea, black tea, blended tea, and flavored tea products.

Product Mix:
tea bag, tea powder, K-Cup pods,

Headquarter: London, UK

Founded Year: 1890

Geographical Coverage: 150+ countries

The Republic of Tea

An American tea company devotes to deliver tea culture and health lifestyle. The company is renowned for both its creative packaging and its extensive assortment of tea blends.

Business:
Production and retailing of over 350 kinds of all-natural teas and herbs and creating a loyalty program for customers.

Product Mix:
tea bag, loose leaf tea, ready-to-drink beverage, tea concentrate, tea sip ware

Headquarter: California, USA

Founded Year: 1992

Geographical Coverage: Primally in North America

Teakruthi

A relatively recent built all-natural and eco-friendly Ceylon tea brand. The company, which offers fresh, premium Ceylon teas (green, white, and black tea) from Sri Lanka, is well-known for its direct-to-consumer business model.

Business:
production, distribution, and retailing of Ceylon tea. It focuses on offering black tea and other premium or flavored tea.

Product Mix:
tea bag, loose leaf tea,

Headquarter: Colombo, Sri Lanka

Founded Year: 2017

Geographical Coverage: Mainly for North America, Europe

Source: Frost & Sullivan Analysis and Estimates

China's Leading Tea Company Profiles

Company Name	Co. Abbrv.	Information
Taetea Group 云南大益茶业集团有限公司	Company A	It is a private company headquartered in Kunming, Yunnan Province. Established in 2004, it provides Pu'er tea products and tea ware products.
Huaxiangyuan Co,. Ltd 华祥苑茶业股份有限公司	Company B	It is a private company headquartered in Xiamen, Fujian Province. Established in 2001, it comprehensive tea leaf products, including Oolong tea, Pu'er tea, green tea, black tea, and white tea In addition, it offers tea ware products.
Tenfu Holding Company Limited 天福(开曼)控股有限公司	Company C	It is a listed company headquartered in Zhangzhou, Fujian Province, whose shares are listed on the Main Board of the Stock Exchange. Established in 1993, it provides comprehensive tea leaf products, including green tea, black tea, Pu'er tea, white tea, Oolong tea and dark tea. In addition, it offers tea ware and tea snacks products.
Emei Mountain Zhuye Tea Co., Ltd 四川省峨眉山竹叶青茶业公司	Company D	It is a private company headquartered in Leshan, Sichuan Province. Established in 1998, it focuses on providing green tea products produced in Mount Emei. In addition, it offers tea ware products.
China Tea Co., Ltd 中国茶叶股份有限公司	Company E	It is a private company headquartered in Beijing. Established in 1985, it provides comprehensive tea leaf products, including green tea, black tea, dark tea, Pu'er tea, white tea and Oolong tea.
Beijing XiaoguanTea Co., Ltd 北京小罐茶业有限公司	Company F	It is a private company headquartered in Beijing. Established in 2014, it provides comprehensive tea leaf products, including Pu'er tea, green tea, black tea, white tea and Oolong tea, and is especially famous for its small aluminum can packaging form. In addition, it offers tea ware products.
Pu'er Lancang Ancient Tea Co.,LTD 普洱澜沧古茶股份有限公司	Company G	It is a listed company headquartered in Lancang, Yunnan Province. Established in 1966, it provides Pu'er tea, black tea, ans white tea. In particular, Pu'er tea is its signiture products. In addition, it offers tea ware products.
Menghai Chensheng Tea Co., Ltd 勐海陈升茶业有限公司	-	It is a private company headquartered in Xishuangbanna, Yunnan Province. Established in 2007, it provides Pu'er tea as its major products.

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2024

Ranking of the Leading Tea Companies by Number of Chained Specialty Stores, China
Unit; 2024

Ranking	Company	Number of Chained Specialty Stores (Unit, 2024)
1	Bama Tea	3,504
2	China Tea	2,618
3	Taetea Group	2,335
4	Huaxiangyuan	2,057
5	Tenfu	1,349

Note: the number refers to the number of chained specialty stores in operation as of December 31, 2024. The specialty stores refer to the type of retail outlets that exclusively sell the tea products from a specific brand, providing a dedicated space for customers to explore, interact with, and purchase items from that brand's portfolio.

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2023

Ranking of the Leading Tea Companies by Number of Franchised Stores, China
Unit; 2023

Ranking	Company	Number of Franchised Stores (Unit, 2023)
1	Bama Tea	3,054
2	Taetea Group	2,200
3	Huaxiangyuan	1,892
4	Tenfu	1,211
5	Small Can Tea	900

Note: the number refers to the number of chained specialty stores in operation as of December 31, 2023. Franchised stores refer to retail or service outlets that are owned and operated by individual franchisees under the brand, business model, and operational guidelines provided by a franchisor.

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2024

Ranking of the Leading Tea Companies by Number of Franchised Stores, China
Unit; 2024

Ranking	Company	Number of Franchised Stores (Unit, 2024)
1	Bama Tea	3,237
2	Taetea Group	2,255
3	Huaxiangyuan	1,949
4	Tenfu	1,192
5	Small Can Tea	927

Note: the number refers to the number of chained specialty stores in operation as of December 31, 2024. Franchised stores refer to retail or service outlets that are owned and operated by individual franchisees under the brand, business model, and operational guidelines provided by a franchisor.

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2019

Ranking of the Leading Tea Companies by Sales Revenue, China
RMB Million; 2019

CR5: 2.2%

Ranking	Company	Sales Revenue (RMB Million, 2019)	Market Share
1	China Tea	1,537.0	0.6%
2	Taetea Group	1,489.0	0.5%
3	Tenfu	1,215.0	0.4%
4	Small Can Tea	935.0	0.3%
5	Bama Tea	875.4	0.3%

- China's tea leaves market is highly segmented, since the market share of top five companies only accounted for approximately 2.2% in 2019.

Note: The sales revenue refers to the sales of tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2020

Ranking of the Leading Tea Companies by Sales Revenue, China
RMB Million; 2020

CR5: 2.4%

Ranking	Company	Sales Revenue (RMB Million, 2020)	Market Share
1	China Tea	1,836.9	0.6%
2	Taetea Group	1,786.8	0.6%
3	Tenfu	1,222.1	0.4%
4	Bama Tea	1,067.7	0.4%
5	EMEI-SHAN Zhuyeqing Tea	950.0	0.3%

- China's tea leaves market is highly segmented, since the market share of top five companies only accounted for approximately 2.4% in 2020.

Note: The sales revenue refers to the sales of tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2021

Ranking of the Leading Tea Companies by Sales Revenue, China
RMB Million; 2021

CR5: 2.7%

Ranking	Company	Sales Revenue (RMB Million, 2021)	Market Share
1	China Tea	2,359.6	0.8%
2	Taetea Group	2,072.7	0.7%
3	Bama Tea	1,495.5	0.5%
4	Tenfu	1,398.2	0.4%
5	EMEI-SHAN Zhuyeqing Tea	1,000.0	0.3%

- China's tea leaves market is highly segmented, since the market share of top five companies only accounted for approximately 2.7% in 2021.

Note: The sales revenue refers to the sales of tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2022

Ranking of the Leading Tea Companies by Sales Revenue, China
RMB Million; 2022

CR5: 2.5%

Ranking	Company	Sales Revenue (RMB Million, 2022)	Market Share
1	China Tea	2,360.0	0.7%
2	Taetea Group	2,280.0	0.7%
3	Bama Tea	1,571.6	0.5%
4	Tenfu	1,243.8	0.4%
5	Huaxiangyuan	1,152.0	0.3%

➢ China's tea leaves market is highly segmented, since the market share of top five companies only accounted for approximately 2.5% in 2022.

Note: The sales revenue refers to the sales of tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2023

Ranking of the Leading Tea Companies by Sales Revenue, China
RMB Million; 2023

CR5: 2.7%

Ranking	Company	Sales Revenue (RMB Million, 2023)	Market Share
1	China Tea	2,562.8	0.8%
2	Taetea Group	2,166.0	0.6%
3	Bama Tea	1,882.5	0.6%
4	Tenfu	1,254.7	0.4%
5	Huaxiangyuan	1,250.0	0.4%

- China's tea leaves market is highly segmented, since the market share of top five companies only accounted for approximately 2.7% in 2023.

Note: The sales revenue refers to the sales of tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2024

Ranking of the Leading Tea Companies by Sales Revenue, China
RMB Million; 2024

CR5: 1.8%

Ranking	Company	Sales Revenue (RMB Million, 2024)	Market Share
1	China Tea	2,345.1	0.7%
2	Bama Tea	1,901.0	0.6%
3	Taetea Group	1,750.0	0.5%
4	Huaxiangyuan	1,125.0	0.3%
5	Tenfu	1,080.8	0.3%

- China's tea leaves market is highly segmented, since the market share of top five companies only accounted for approximately 1.8% in 2024.

Note: The sales revenue refers to the sales of tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2019

Ranking of the Leading Tea Companies by Sales Revenue of Premium Tea Leaves Products, China

RMB Million; 2019

CR5: 5.3%

Ranking	Company	Sales Revenue of Premium Tea Leaves Products (RMB Million, 2019)	Market Share
1	Taetea Group	1,265.7	1.5%
2	Tenfu	923.4	1.1%
3	Bama Tea	831.6	1.0%
4	EMEI-SHAN Zhuyeqing Tea	722.5	0.9%
5	Huaxiangyuan	648.0	0.8%

Note: The sales revenue refers to the sales of premium tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2020

Ranking of the Leading Tea Companies by Sales Revenue of Premium Tea Leaves Products, China
RMB Million; 2020

CR5: 5.5%

Ranking	Company	Sales Revenue of Premium Tea Leaves Products (RMB Million, 2020)	Market Share
1	Taetea Group	1,509.9	1.7%
2	Bama Tea	1,017.5	1.1%
3	Tenfu	941.1	1.1%
4	EMEI-SHAN Zhuyeqing Tea	807.5	0.9%
5	Huaxiangyuan	590.4	0.7%

CR5: 5.6%

Ranking	Company	Sales Revenue of Premium Tea Leaves Products (RMB Million, 2024)	Market Share
1	Bama Tea	1,757.5	1.7%
2	Taetea Group	1,365.0	1.3%

Ranking of the Leading Tea Companies (China), 2024

Ranking of the Leading Tea Companies by Sales Revenue of Premium Tea Leaves Products, China
RMB Million; 2024

CR5: 5.6%

Ranking	Company	Sales Revenue of Premium Tea Leaves Products (RMB Million, 2024)	Market Share
1	Bama Tea	1,757.5	1.7%
2	Taetea Group	1,365.0	1.3%
3	Huaxiangyuan	956.3	0.9%
4	EMEI-SHAN Zhuyeqing Tea	879.8	0.9%
5	Tenfu	864.6	0.8%

Note: The sales revenue refers to the sales of premium tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2021

Ranking of the Leading Tea Companies by Sales Revenue of Premium Tea Leaves Products, China
RMB Million; 2021

CR5: 6.2%

Ranking	Company	Sales Revenue of Premium Tea Leaves Products (RMB Million, 2021)	Market Share
1	Taetea Group	1,734.9	1.8%
2	Bama Tea	1,460.6	1.5%
3	Tenfu	1,090.6	1.1%
4	EMEI-SHAN Zhuyeqing Tea	850.0	0.9%
5	Huaxiangyuan	796.8	0.8%

Note: The sales revenue refers to the sales of premium tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2022

Ranking of the Leading Tea Companies by Sales Revenue of Premium Tea Leaves Products, China
RMB Million; 2022

CR5: 5.8%

Ranking	Company	Sales Revenue of Premium Tea Leaves Products (RMB Million, 2022)	Market Share
1	Taetea Group	1,824.0	1.7%
2	Bama Tea	1,415.8	1.3%
3	Tenfu	982.6	0.9%
4	Huaxiangyuan	967.7	0.9%
5	EMEI-SHAN Zhuyeqing Tea	935.0	0.9%

Note: The sales revenue refers to the sales of premium tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2023

Ranking of the Leading Tea Companies by Sales Revenue of Premium Tea Leaves Products, China
RMB Million; 2023

CR5: 6.2%

Ranking	Company	Sales Revenue of Premium Tea Leaves Products (RMB Million, 2023)	Market Share
1	Bama Tea	1,754.4	1.7%
2	Taetea Group	1,689.5	1.6%
3	Huaxiangyuan	1,062.5	1.0%
4	Tenfu	1,003.8	1.0%
5	EMEI-SHAN Zhuyeqing Tea	977.5	0.9%

Note: The sales revenue refers to the sales of premium tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2024

Ranking of the Leading Tea Companies by Sales Revenue of Premium Tea Leaves Products, China
RMB Million; 2024

CR5: 5.6%

Ranking	Company	Sales Revenue of Premium Tea Leaves Products (RMB Million, 2024)	Market Share
1	Bama Tea	1,757.5	1.7%
2	Taetea Group	1,365.0	1.3%
3	Huaxiangyuan	956.3	0.9%
4	EMEI-SHAN Zhuyeqing Tea	879.8	0.9%
5	Tenfu	864.6	0.8%

Note: The sales revenue refers to the sales of premium tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2019

Ranking of the Leading Tea Companies by Sales Revenue of Oolong Tea Leaves Products, China
RMB Million; 2019

CR5: 6.1%

Ranking	Company	Sales Revenue of Oolong Tea Leaves Products (RMB Million, 2019)	Market Share
1	China Tea	479.8	1.6%
2	Tenfu	388.8	1.3%
3	Bama Tea	368.1	1.2%
4	Huaxiangyuan	332.8	1.1%
5	Small Can Tea	252.5	0.9%

Note: The sales revenue refers to the sales of Oolong tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2020

Ranking of the Leading Tea Companies by Sales Revenue of Oolong Tea Leaves Products, China
RMB Million; 2020

CR5: 6.3%

Ranking	Company	Sales Revenue of Oolong Tea Leaves Products (RMB Million, 2020)	Market Share
1	China Tea	485.8	1.7%
2	Bama Tea	409.9	1.5%
3	Tenfu	385.0	1.4%
4	Huaxiangyuan	296.6	1.1%
5	Small Can Tea	204.1	0.7%

Note: The sales revenue refers to the sales of Oolong tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2021

Ranking of the Leading Tea Companies by Sales Revenue of Oolong Tea Leaves Products, China
RMB Million; 2021

CR5: 8.3%

Ranking	Company	Sales Revenue of Oolong Tea Leaves Products (RMB Million, 2021)	Market Share
1	China Tea	557.7	2.2%
2	Bama Tea	533.9	2.1%
3	Tenfu	433.4	1.7%
4	Huaxiangyuan	391.7	1.5%
5	Small Can Tea	228.8	0.9%

Note: The sales revenue refers to the sales of Oolong tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2022

Ranking of the Leading Tea Companies by Sales Revenue of Oolong Tea Leaves Products, China
RMB Million; 2022

CR5: 7.7%

Ranking	Company	Sales Revenue of Oolong Tea Leaves Products (RMB Million, 2022)	Market Share
1	Bama Tea	577.3	2.0%
2	China Tea	523.9	1.8%
3	Huaxiangyuan	465.4	1.6%
4	Tenfu	379.3	1.3%
5	Small Can Tea	252.5	0.9%

Note: The sales revenue refers to the sales of Oolong tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2023

Ranking of the Leading Tea Companies by Sales Revenue of Oolong Tea Leaves Products, China
RMB Million; 2023

CR5: 7.4%

Ranking	Company	Sales Revenue of Oolong Tea Leaves Products (RMB Million, 2023)	Market Share
1	Bama Tea	637.2	2.0%
2	China Tea	538.2	1.7%
3	Huaxiangyuan	500.0	1.6%
4	Tenfu	376.4	1.2%
5	Small Can Tea	259.9	0.8%

Note: The sales revenue refers to the sales of Oolong tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2024

Ranking of the Leading Tea Companies by Sales Revenue of Oolong Tea Leaves Products, China
RMB Million; 2024

CR5: 6.9%

Ranking	Company	Sales Revenue of Oolong Tea Leaves Products (RMB Million, 2024)	Market Share
1	Bama Tea	640.9	2.1%
2	China Tea	492.5	1.6%
3	Huaxiangyuan	450.0	1.5%
4	Tenfu	324.2	1.0%
5	Small Can Tea	233.9	0.8%

Note: The sales revenue refers to the sales of Oolong tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2019

Ranking of the Leading Tea Companies by Sales Revenue of Black Tea Leaves Products, China
RMB Million; 2019

CR5: 1.4%

Ranking	Company	Sales Revenue of Black Tea Leaves Products (RMB Million, 2019)	Market Share
1	Small Can Tea	226.3	0.4%
2	Tenfu	170.1	0.3%
3	China Tea	155.0	0.3%
4	Bama Tea	141.5	0.2%
5	EMEI-SHAN Zhuyeqing Tea	120.7	0.2%

Note: The sales revenue refers to the sales of Black tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2020

Ranking of the Leading Tea Companies by Sales Revenue of Black Tea Leaves Products, China
RMB Million; 2020

CR5: 1.6%

Ranking	Company	Sales Revenue of Black Tea Leaves Products (RMB Million, 2020)	Market Share
1	Small Can Tea	187.9	0.38%
2	China Tea	172.9	0.35%
3	Tenfu	152.8	0.31%
4	Bama Tea	152.2	0.30%
5	EMEI-SHAN Zhuyeqing Tea	136.8	0.27%

Note: The sales revenue refers to the sales of Black tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2021

Ranking of the Leading Tea Companies by Sales Revenue of Black Tea Leaves Products, China
RMB Million; 2021

CR5: 2.0%

Ranking	Company	Sales Revenue of Black Tea Leaves Products (RMB Million, 2021)	Market Share
1	Bama Tea	240.4	0.5%
2	Small Can Tea	216.5	0.4%
3	China Tea	198.4	0.4%
4	Tenfu	197.1	0.4%
5	EMEI-SHAN Zhuyeqing Tea	146.0	0.3%

Note: The sales revenue refers to the sales of Black tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2022

Ranking of the Leading Tea Companies by Sales Revenue of Black Tea Leaves Products, China
RMB Million; 2022

CR5: 1.9%

Ranking	Company	Sales Revenue of Black Tea Leaves Products (RMB Million, 2022)	Market Share
1	Bama Tea	264.8	0.5%
2	Small Can Tea	245.5	0.4%
3	China Tea	240.4	0.4%
4	Tenfu	180.3	0.3%
5	EMEI-SHAN Zhuyeqing Tea	162.8	0.3%

Note: The sales revenue refers to the sales of Black tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2023

Ranking of the Leading Tea Companies by Sales Revenue of Black Tea Leaves Products, China
RMB Million; 2023

CR5: 2.2%

Ranking	Company	Sales Revenue of Black Tea Leaves Products (RMB Million, 2023)	Market Share
1	Bama Tea	336.4	0.6%
2	China Tea	269.1	0.5%
3	Small Can Tea	259.9	0.5%
4	Tenfu	188.2	0.3%
5	EMEI-SHAN Zhuyeqing Tea	172.5	0.3%

Note: The sales revenue refers to the sales of Black tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2024

Ranking of the Leading Tea Companies by Sales Revenue of Black Tea Leaves Products, China
RMB Million; 2024

CR5: 2.5%

Ranking	Company	Sales Revenue of Black Tea Leaves Products (RMB Million, 2024)	Market Share
1	Bama Tea	416.1	0.8%
2	China Tea	410.4	0.8%
3	Small Can Tea	233.9	0.4%
4	Tenfu	162.1	0.3%
5	EMEI-SHAN Zhuyeqing Tea	155.3	0.3%

Note: The sales revenue refers to the sales of Black tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2019

Ranking of the Leading Tea Companies by Sales Revenue of Pu’er Tea Leaves Products, China
RMB Million; 2019

CR5: 18.0%

Ranking	Company	Sales Revenue of Pu’er Tea Leaves Products (RMB Million, 2019)	Market Share
1	Taetea Group	1,430.2	9.9%
2	Pu’er Lancang Ancient Tea	366.8	2.5%
3	Small Can Tea	327.7	2.3%
4	Tenfu	301.3	2.1%
5	Menghai Chensheng Tea	180.0	1.2%

Note: The sales revenue refers to the sales of Pu’er tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2020

Ranking of the Leading Tea Companies by Sales Revenue of Pu'er Tea Leaves Products, China

RMB Million; 2020

CR5: 18.9%

Ranking	Company	Sales Revenue of Pu'er Tea Leaves Products (RMB Million, 2020)	Market Share
1	Taetea Group	1,716.3	10.2%
2	ChinaTea	593.3	3.5%
3	Pu'er Lancang Ancient Tea	361.8	2.1%
4	Tenfu	306.8	1.8%
5	Bama Tea	211.7	1.3%

Note: The sales revenue refers to the sales of Pu'er tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2021

Ranking of the Leading Tea Companies by Sales Revenue of Pu'er Tea Leaves Products, China
RMB Million; 2021

CR5: 23.0%

Ranking	Company	Sales Revenue of Pu'er Tea Leaves Products (RMB Million, 2021)	Market Share
1	Taetea Group	1,990.9	11.7%
2	ChinaTea	795.1	4.7%
3	Pu'er Lancang Ancient Tea	494.1	2.9%
4	Tenfu	355.1	2.1%
5	Bama Tea	280.6	1.7%

Note: The sales revenue refers to the sales of Pu'er tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2022

Ranking of the Leading Tea Companies by Sales Revenue of Pu’er Tea Leaves Products, China
RMB Million; 2022

CR5: 20.0%

Ranking	Company	Sales Revenue of Pu’er Tea Leaves Products (RMB Million, 2022)	Market Share
1	Taetea Group	2,189.9	11.2%
2	ChinaTea	759.9	3.9%
3	Pu’er Lancang Ancient Tea	409.7	2.1%
4	Tenfu	319.6	1.6%
5	Bama Tea	222.4	1.1%

Note: The sales revenue refers to the sales of Pu’er tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2023

Ranking of the Leading Tea Companies by Sales Revenue of Pu'er Tea Leaves Products, China
RMB Million; 2023

CR5: 16.5%

Ranking	Company	Sales Revenue of Pu'er Tea Leaves Products (RMB Million, 2023)	Market Share
1	Taetea Group	2,080.4	8.5%
2	ChinaTea	891.8	3.6%
3	Pu'er Lancang Ancient Tea	455.9	1.9%
4	Tenfu	326.2	1.3%
5	Bama Tea	292.4	1.2%

Note: The sales revenue refers to the sales of Pu'er tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Ranking of the Leading Tea Companies (China), 2024

Ranking of the Leading Tea Companies by Sales Revenue of Pu’er Tea Leaves Products, China
RMB Million; 2024

CR5: 14.5%

Ranking	Company	Sales Revenue of Pu’er Tea Leaves Products (RMB Million, 2024)	Market Share
1	Taetea Group	1,680.9	7.3%
2	ChinaTea	816.1	3.5%
3	Pu’er Lancang Ancient Tea	335.8	1.5%
4	Tenfu	281.0	1.2%
5	Bama Tea	229.6	1.0%

Note: The sales revenue refers to the sales of Pu’er tea leaves products to end consumers and distributors

Source: Frost & Sullivan Analysis and Estimates

Competitive Strengths of the Group

1	**Sophisticated tea production techniques and strong research and development capabilities**	◆ The Company excels in empowering traditional tea production techniques with technical innovations, including 26 patents, and participation in several tea research institutions. With strong R&D investment, the Company has established a standard and relatively automated tea production process, which enables high-efficiency operations and consistent product quality. Also, the Company masters the Oolong tea production techniques. This allows the Company to introduce new products that cater to diverse consumer preferences with consistent quality.
2	**Comprehensive product offerings powered by access to high quality raw materials, stringent quality control, and efficient supply chain management**	◆ Raw materials are essential to tea quality and flavor, and the Company always prioritizes high-quality tea leaves and has formed three sourcing criteria “high-quality production region, traditional tea production techniques, renowned maters”. By upholding these standards, the Company ensures its comprehensive products’ quality from the start of the production process. Furthermore, the Company constructed an advanced supply chain to deliver comprehensive products effectively to consumers.
3	**Multi-brand with integrated sales channels and nationwide distribution network create strong growth pipeline**	◆ The Company owns various brand names, such as “Bama”, “Xinjihao”, “Wanshanhong” and “Bama Chuncha” in order to reach a wide range of customer base. Notably, among them, “Bama” was recognized as a “Well-known Trademark of the PRC” further strengthening its brand image in the market. In addition, the Company has established an onmi-channel coupling with a nationwide distribution network to create a consistent customer shopping experience and generate steady sales growth. The Company is one of a few players in China’s tea industry that is able to sell the products across substantially all provinces in China.
4	**Experienced and talented management team with deep tea industry knowledge**	◆ The management team leads the Company with in-depth industry knowledge and business practice insights based on decades of market engagement. Particularly, Mr. Wang Wenli, who is the chairman of the board, is a nationally recognized inheritor of the intangible cultural heritage of Oolong tea production techniques. On the basis of the above, the talented and experienced management team is able to adapt the Company’s strategy, product mix, and operations to changing market trends and consumer diverse needs.

Source: Frost & Sullivan Analysis and Estimates

Consumer Survey (1/2)

Based on the consumer survey conducted by Frost & Sullivan on December 2024, the following conclusions could be supported,

- 按照品牌偏好度计，八马茶业在中国茶叶市场及中国高端茶叶市场均排名第一；
- In terms of the **brand preference**, Bama Tea ranks **the 1st place** in both China Tea Leaf Market and China Premium Tea Leaf Market

- 按照品牌认知度计，八马茶业在中国茶叶市场及中国高端茶叶市场的前五大品牌中排名第一；
- In terms of the **brand recognition**, Bama Tea ranks **the 1st place** among the top 5 brands in both China Tea Leaf Market and China Premium Tea Leaf Market

- 八马茶业的产品品质受到消费者高度认可，消费者普遍认为其茶叶具有口感好，口味正宗、适口度高；原料优质，来自各大名茶原产地；严苛的质量管理，品质卓越、稳定、安全；品牌历史悠久，知名度高；茶叶品牌高端；包装设计精美、有质感等特质，81.1%的消费者愿意长期饮用八马茶业的产品；
- The product quality of Bama Tea is highly recognized by consumers. Consumers generally believe that its tea has a good taste, authentic flavor, and high palatability. The tea is made from high-quality ingredients sourced from major tea-producing regions. Rigorous quality management ensures outstanding, stable, and safe quality. With a long brand history and high visibility, the tea brand is considered high-end. The packaging design is exquisite and high-quality. As a result, **81.1%** of consumers are willing to consume Bama Tea products in the long term.

- 到访过八马茶业门店的顾客中有76.1%愿意再次光顾；
- **76.1%** of customers who have visited Bama Tea stores are willing to visit again

- 在年轻消费群体中，八马茶业的品牌认知度达67.4%，在中国茶叶市场及中国高端茶叶市场的前五大品牌中均排名第一
- Among the **young consumers** aged between 25 and 35, Bama Tea's **brand recognition** reached **67.4%**, ranking the **1st place** among the top 5 brands in both China Tea Leaf Market and China Premium Tea Leaf Market

- 在年轻消费群体中，八马茶业的品牌偏好度达25.6%，在中国茶叶市场及中国高端茶叶市场的前五大品牌中均排名第一
- Among the **young consumers** aged between 25 and 35, Bama Tea's **brand preference** reached **25.6%**, ranking the **1st place** among the top 5 brands in both China Tea Leaf Market and China Premium Tea Leaf Market

- 八马茶叶在年轻消费群体中的品牌影响力，在中国茶叶市场及中国高端茶叶市场的前五大品牌中排名第一
- Bama Tea has a strong brand impact among young consumers, ranking the **1st place** among the top five brands in China Tea Leaf Market and China Premium Tea Leaf Market

Source: Frost & Sullivan Analysis and Estimates

Consumer Survey (2/2)

Based on the consumer survey conducted by Frost & Sullivan on December 2024, the following conclusions could be supported,

- 在女性消费群体中，八马茶业的品牌认知度达72.6%，在中国茶叶市场及中国高端茶叶市场的前五大品牌中均排名第一
- Among **female consumers**, Bama Tea's **brand recognition** reached **72.6%**, ranking the **1st place** among the top 5 brands in both China Tea Leaf Market and China Premium Tea Leaf Market

- 在女性消费群体中，八马茶业的品牌偏好度达28.7%，在中国茶叶市场及中国高端茶叶市场中均排名第一
- Among **female consumers**, Bama Tea's **brand preference** reached **28.7%**, ranking the **1st place** in both China Tea Leaf Market and China Premium Tea Leaf Market

- 八马茶叶是最受女性消费者喜爱的茶叶品牌，在女性消费者中的认知度达到72.6%
- Bama Tea is the most preferred tea brand among female consumers, with brand recognition rate of 72.6% among female consumers.

Source: Frost & Sullivan Analysis and Estimates

Additional Information

- The tea market is characterized by high demand and intense competition for talented personnel.
- Selling products through franchisees is a common practice in the tea leaf industry.
- In addition, the Company ranked first in China in terms of sales revenue of (i) Tieguanyin for 12 consecutive years from 2013 to2024, (ii) Wuyi Yan Cha for five consecutive years from 2020 to 2024, and (iii) black tea for four consecutive years from 2021 to 2024.
- Bama brand is the best-known brand that offers full-category tea products and ranked the first in terms of brand recognition among the top 5 brands in both tea leaf market and the premium tea leaf market in China among all consumers as well as among the young consumer group aged from 25 to 35.
- The Company recorded growth in terms of sales revenue of each of the six major categories of tea leaves during the Track Record Period. the CAGR from 2019 to 2024 for our sales revenue from each of Oolong tea leaves, black tea leaves and white tea leaves outpaced the CAGR in their respective markets during the same period.
- Bama Chuncha (八馬純茶), which is a bottled tea beverage product catering to consumers' preference of sugar-free and calorie-free ready-to-drink tea, became popular among young consumers upon its launch due to the increasing awareness of health and wellness, and fast-paced lifestyle among consumers. In addition, the number of young consumers for tea leaf products is growing.
- The Company offers a full range of tea leaf products across an omni-channel sales network and achieve the highest sales in China's premium tea leaf market in 2023.
- The Company leverages its market leading position, full-range product portfolio and omni-channel sales network to benefit from the expected growth of China's tea leaf market.
- The size of China's premium tea leaf market, where the Company maintained the leading position, has demonstrated a rapid growth trend.
- While many tea industry players focus on a single tea leaf product category due to limitations in supply chain management, the Company is able to offer a full range of high-quality tea leaf products thanks to its superior supply chain.
- The Company adopted a full-category product strategy to help extend its reach in regional markets and among consumers leveraging its industry-leading supply chain management ability and its operation cross various geographical regions in China.
- The Company select high-quality tea leaves of each product category from its core plantation regions and have launched a number of well-recognized "star products" in China's tea leaf market.
- The Company is one of a few companies in China's tea leaf industry which recorded growth in terms of sales revenue in six major categories of tea leaves from 2019 to 2024, according to Frost & Sullivan.
- Building upon the Oolong techniques and production experiences, the Company mastered key production processes including, among others the pan-frying (炒青) process for green tea, the sun-drying (晾曬) process for white tea, the yellowing (悶黃) process for yellow tea, the withering and fermentation (萎凋發酵) process for black tea, the roasting (焙火) process for Wuyi Yan Cha and the material selection (選料) process for Pu'er tea. These core production techniques demonstrate its leadership in China's tea industry in terms of the Oolong tea production.

Source: Frost & Sullivan Analysis and Estimates

Additional Information

- Cold-brewed tea, lemon black tea, herbal tea, pure tea leaf beverages and other products that are popular among young consumers.
- The Company is one of the very few premium tea leaf providers in China with strong cross-region operations.
- Bama brand is the most recognized brand by young consumers and female consumers among the top five brands in terms of sales revenue of tea leaves in each of China's tea leaf market and China's premium tea leaf market in 2023.
- The Company is one of the very few companies in China's tea industry that has constructed the secondary nodes for the national industrial internet identification analysis system (國家工業互聯網標識體系二級解析節點) of tea leaves refinement.
- The Company's seventh-generation production line at the Wuyi Shan Production Base is one of the very first intelligent, digital and informationized production line for Wuyi Yan Cha in the world.
- The Company is an industry-leading provider of full-category tea products with omni-channel sales network and cross-region operations.
- The Company has an industry-leading level of digitalization in its operations.
- The Company's sophisticated site selection model and professional site selection teams give its industry-leading site selection capabilities and also enable us to provide full support to its franchisees in their site selection.
- In 2023, in China, the first-tier cities includes Beijing, Shanghai, Guangzhou and Shenzhen. The new first-tier cities includes Chengdu, Hangzhou, Chongqing, Suzhou, Wuhan, Xi'an, Nanjing, Changsha, Tianjin, Zhengzhou, Dongguan, Ningbo, Wuxi, Qingdao and Hefe. iThe second-tier cities includes Foshan, Shenyang, Kunming, Jinan, Xiamen, Fuzhou, Wenzhou, Changzhou, Dalian, Shijiazhuang, Nanning, Harbin, Jinhua, Nanchang, Changchun, Nantong, Quanzhou, Guiyang, Jiaxing, Taiyuan, Huizhou, Xuzhou, Shaoxing, Zhongshan, Taizhou, Yantai, Zhuhai, Baoding, Weifang and Linyi. The third-tier and other cities refer to cities other than first-tier, new first-tier and second-tier cities.
- Net rough tea leaves refer to the tea leaf raw materials which were made from rough tea leaves through initial steps of refinement processes.
- Premium Chinese Tea refers to premium tea leaves sold in China.
- Refined tea leaves refer to tea leaves that have gone through various processes, such as sorting, trimming, filtering, drying and fermentation.
- Rough tea leaves refer to tea leaves that have gone through preliminary process and without fermentation.
- The Company's product return and replacement policies for franchisees are in line with the industry practice.
- Bama is a well-known brand in China's tea industry, where it has become highly recognizable and widely influential.
- Based on the origins of the tea leaf raw materials, the Oolong tea leaves can be categorized into (i) Minnan (閩南) Oolong, with Tieguanyin being the representative type; (ii) Minbei (閩北) Oolong, with Wuyi Yan Cha being the representative type; (iii) Guangdong Oolong, with Dancong (單叢) being the representative type; and (iv) Taiwan Oolong, with Dongding Oolong (凍頂烏龍) being the representative type.
- The key to the production of white tea leaf products is natural withering without stirring (炒) or kneading (揉), which help preserve the substances of the tea leaves and create a mellow, sweet and refreshing flavor.
- The production process from fresh tea leaves to refined tea leaves generally comprises two stages, namely, (i) preliminary process (初製), which refers to the production of rough tea leaves (毛茶) from fresh tea leaves through drying (曬乾), rolling (揉捻) and frying (炒製).

Source: Frost & Sullivan Analysis and Estimates

Additional Information

- Dark tea is the only post-fermented tea among the six major tea leaves in China, which is fermented by micro-organisms through the unique stacking process (渥堆工藝), resulting in a unique and mellow flavor.
- The rough tea leaves shall retain the original flavor and natural characteristics of the tea leaves; and (ii) refinement process (精製), including processes such as screening (篩分), sorting (剔雜), blending (拼配) and roasting (烘焙), during which the rough tea leaves are first made into net rough tea leaves (毛淨) through initial steps of refinement processes, which are then further processed to be refined tea leaves (精製茶葉).
- The Company's Seventh Generation Intelligent Production Line at the Wuyi Shan Production Base is one of the most advanced, intelligent, digital and informationized production line for Wuyi Yan Cha in the world.
- FSSC22000 refers to an internationally accepted food safety management certification scheme. ISO9001 refers to a set of globally recogized standards for quality management system.
- The Company recorded growth in terms of sales revenue of each of the six major categories of tea leaves during the Track Record Period.
- The Company has firmly established our Bama brand as the top brand of Premium Chinese Tea.
- The Company's product return and exchange policies for franchisees are in line with the industry practice. In addition, its insurance coverage is in line with industry practice in the PRC.
- The Company has an industry-leading intelligent tea storage system to meet the storage requirements of different tea leaves.
- It is not uncommon to accept payment from third parties designated by customers in the tea leaf industry.
- Longjing tea is generally favored in Zhejiang Province, while Oolong tea is often the first choice in Fujian Province.
- As of 2023, there are more than 1.6 million tea-related companies involved in tea cultivation, production, and distribution. In 2023, the top 5 market players in terms of sales revenue of tea leaves only accounted for 2.7% of market share with collective sales revenue of approximately RMB9,115.9 million, demonstrating the highly fragmented competitive landscape for China's tea leaves market. Looking ahead, competition in China's tea leaf market is expected to intensify with the entry of new players. Independent tea farms and traditional tea wholesalers are increasingly establishing their own brands, while emerging tea brands are leveraging live-streaming commerce to interact with consumers directly. This evolving landscape is likely to reshape market dynamics and further tighten the competition in China's tea leaf market.
- Establishing strong and sustainable partnerships with raw material suppliers is essential for tea brands to maintain consistent quality and achieve long-term success.
- Franchisees act as intermediaries between the tea brand and retail outlets, including franchised stores, supermarket and street stores. They typically manage regional logistics, warehousing, and the local marketing of the tea brand, providing a fast and scalable model for the expansion of brands and offering localized and customized marketing.
- Franchisees are vital to the success and growth of tea brands in China's premium tea leaf market. They allow brands to stay focused on their core business while leveraging the knowledge, resources, and dedication of local partners.

Source: Frost & Sullivan Analysis and Estimates

Additional Information

- Franchisees are vital to the success and growth of tea brands in China's premium tea leaf market. They allow brands to stay focused on their core business while leveraging the knowledge, resources, and dedication of local partners. This collaboration enables tea brands to expand effectively, adjust to local markets, and maintain a competitive presence.
- With an increasing awareness of the connection between the tea and health and Wellbeing in China, the preference for natural and functional food and beverages, like tea, is rising. Tea types such as Oolong tea and herbal teas are promoted for their various health advantages. In particular, the increasing awareness of and preference for drinking tea in general would lead to growth in premium tea leaves market. Premium tea leaves are typically sourced from specific regions with ideal climates, soil conditions, and altitudes, resulting in higher concentrations of beneficial compounds. In contrast to more basic tea products, premium teas are crafted by skilled artisans using traditional methods that preserve the tea's natural qualities. Furthermore, premium tea leaves hold significant cultural value, serving as a means to exhibit refined cultural preferences and embody consumers' desire for a premium lifestyle.
- According to Frost & Sullivan, there are over 200 players in China's tea market as of the Latest Practicable Date that satisfied such criteria.
- According to Frost & Sullivan, the number of distributors and franchisees of market players in China's premium tea leaf market and their business scales are considered confidential information and thus are not available through public resources. Frost & Sullivan has provided the number of franchisees and franchised stores of the top five premium tea leaf brands, which was prepared based on non-public information, for the Stock Exchange's information only on a confidential basis. The Company did not disclose such data in the Post-A1 Proof (1) due to its confidential nature.

No	Company	Number of Franchised Stores	Number of Franchisees
N/A	Bama Tea Co., Ltd	3,054	1,202
B	Yunnan Taetea Group Co., Ltd.	2,200	Approximately 1,000
C	Huaxiangyuan Co., Ltd.	1,892	Approximately 850
D	Tenfu(Cayman) Holdings Company Limited	1,211	Approximately 550
E	Sichuan EMEI-SHAN Zhuyeqing Tea Co., Ltd.	N/A(1)	N/A(1)

Note: (1) Sichuan EMEI-SHAN Zhuyeqing Tea Co., Ltd. adopts a direct-sales model. Accordingly, it has no distributors or franchised stores.

- Self-operated stores with long lease term is in line with industry.

Source: Frost & Sullivan Analysis and Estimates

Additional Information

- The differences of CAGR of the market sizes of Oolong tea leaf market, dark tea leaf market, white tea leaf market and yellow tea leaf market from 2019 to 2023 as compared with those from 2023 to 2028 were mainly attributable to the following factors:
  - Oolong tea: The COVID-19 pandemic in the first quarter of 2020 negatively affected the production and distribution of the Oolong tea leaves, which led to a significant accumulation of inventory in Oolong tea production regions, resulting in a notable decrease in inventory turnover. The surplus stock of Oolong tea leaves raised capital occupancy costs, prompting certain players in the Oolong tea leaf market to reduce product prices to gain cash inflow and sustain operations. Additionally, government initiatives encouraged large-scale production and mechanized processing of tea leaf products in Oolong tea production regions, such as Anxi County in Fujian Province, to improve efficiency of production. The expansion of production capacity put pressure on market prices. Consequently, the average domestic selling price of Oolong tea leaves dropped by 6.8% in 2020 and 11.2% in 2021, with domestic sales value declining by 5.4% in 2020 and 7.6% in 2021, respectively. China's Oolong tea leaf market showed gradual recovery in 2022 and 2023, with year-on-year growth rate of approximately 9.7% and 9.3%, respectively, which eventually grew to result in a CAGR of 1.2% from 2019 to 2023. In the forecasted period from 2023 to 2028, the growth in Oolong tea leaf market is attributable to the sustained consumption of traditional Oolong tea leaves, as well as the increasing demand for Oolong tea leaves driven by their extensive use in sugar-free tea beverages and freshly-made tea drinks. This is attributable to their well-received taste as a semi-fermented tea, distinct aroma, and diverse health benefits.
  - Dark tea: The fluctuations in the selling prices and sales revenue of dark tea leaves from 2020 to 2023 did not accurately reflect the market dynamics. These fluctuations were the result of a combination of various unpredictable factors, including extreme weather conditions in key production areas, the impact of COVID-19, and speculative activities which resulted in sudden increases of product prices. In 2020, the disruptive effects of COVID-19 on production and distribution were compounded by extreme weather events like prolonged droughts in the Pu'er tea production regions in Yunnan Province, early spring frost damage, and floods in the Anhua area in Hunan Province. These events significantly affected the yields and quality of dark tea leaves, driving up the costs of raw materials and labor. As a result, the selling prices and sales revenue of dark tea leaves had significant year-on-year growth rates of approximately 48.9% and 48.8%, respectively, in 2020. Furthermore, dark tea leaves, particularly Pu'er tea leaves, stand out for their unique investment attributes and sensitivity in pricing, which are heavily influenced by production year and region. The value of dark tea leaves usually increases over time due to natural post-fermentation, with aged products often commanding premium prices. This potential attracts speculative investors, leading to unpredictably increased demand, price spikes, and fluctuations. Consequently, from 2021 to 2023, the average selling price of dark tea leaves experienced year-on-year growth rates of -20.8%, 17.6%, and 7.5%, respectively. In the forecasted period from 2023 to 2028, as the dark tea leaf market matures and the influence of unpredictable speculative activities diminishes, growth is anticipated to stabilize on a more rational and sustainable path. Investors' focus is expected to shift from short-term price speculation to long-term value drivers such as quality, origin, and cultural significance. As a result, the market size of China's dark tea leaf market is expected to grow at a moderate CAGR of approximately 8.3% from 2023 to 2028.

Source: Frost & Sullivan Analysis and Estimates

Additional Information

- White tea and yellow tea: White tea and yellow tea operate within relatively small market segments, with sales revenues reaching approximately RMB10.8 billion and RMB3.0 billion in 2023, respectively, accounting for 3.2% and 0.9% of the overall tea leaf market in China. Due to the relatively small market sizes, even slight increases in the absolute value of market size can result in disproportionately large percentage increases. Specifically, the substantial year-on-year growth rates of 42.2% for white tea and 69.9% for yellow tea in terms of sales revenues in 2020 played a significant role in their impressive CAGRs from 2019 to 2023. These sharp increases in 2020 were driven by common policy incentives and technological advancements. Both types of tea leaves benefited from the national support policy for "small-volume specialty agricultural products (小宗類特色農產品)," with regions like Fujian Province and Yunnan Province focusing on white tea, and Anhui Province and Sichuan Province focusing on yellow tea. Local governments actively promoted the expansion of plantation areas through measures such as subsidies and the distribution of free seeds for tea trees. Additionally, the implementation of dwarfing and densification techniques for white tea leaves effectively boosted production capacity. Moreover, in 2023, the year-on-year growth rate of yellow tea leaves in terms of sales revenues surged to approximately 114.5%. This growth was propelled by precise policies and technological innovations. The Chinese government provided financial assistance to support yellow tea production, including subsidies for fertilizer purchase and biological pesticides, and fiscal funds to support breeding superior varieties and improve planting techniques. Additionally, the revolutionary technological progress could effectively reduce the harvest cycles and production period of yellow tea leaves, leading to the increase in yields. In the upcoming period, with the production capacity of white tea and yellow tea stabilizing and their market scale expanding, their anticipated growth rate is expected to revert to a moderate upward trend.

- The tea brand specialty store is a retail outlet dedicated to selling products from a specific tea brand. It exclusively offers tea products and other related items, such as tea ware and tea snacks, for this brand. These stores emphasize the brand's unique identity and quality assurance, while also providing professional service and a consistent brand image. A tea brand franchised store refers to a retail outlet operated by a franchisee who has entered into a contract with a tea brand company. The franchisee sells the brand's teas and related products in the franchised store operated by them according to the brand's standardized requirements, such as store design, product supply, and brand promotion. Leveraging the brand's reputation and operational expertise, the franchisee conducts business activities while adhering to the brand's management regulations and paying relevant franchise fees. Specialty stores and franchised stores represent different dimensions of retail store classification. A specialty store focuses on exclusive brand representation and may be operated either directly by the brand or by a franchisee, while a franchised store is a retail outlet operated by a franchisee under a franchise agreement, rather than by the brand itself. [A franchised store is a specialty store if it only sells products of one brand.]

Additional Information

- Resilient preference for and increasing awareness of drinking tea: Middle-aged and elderly consumers, a key demographic in the premium tea market, often regard tea drinking as a daily ritual that is deeply embedded in their lifestyle. Their strong loyalty to specific tea types provides a stable and recurring revenue stream for producers and retailers, helping to sustain market growth even during economic downturns. Additionally, with greater financial flexibility, this group is more inclined to spend on high-quality, culturally significant teas. As a result, for these consumers, premium tea is frequently served at formal gatherings to foster social bonds and cater to those seeking meaningful social interaction with peers. On the other hand, the growing interest in premium tea among younger consumers is driven by shifting preferences for lifestyle and continuous product innovation. Viewed as a healthier alternative to sugary beverages and high-caffeine drinks, tea appeals to this demographic for its antioxidant properties, moderate caffeine levels, and various health benefits. Premium tea, often sourced from regions with ideal climate, soil, and altitude, contains higher concentrations of beneficial compounds, which make it appealing to young consumers. Furthermore, the expansion of e-commerce channels and the strategic use of social media marketing have made it easier for younger consumers to explore the cultural heritage and stories behind premium tea brands, fostering stronger emotional connections and brand loyalty.
- In terms of the number of franchised stores, we ranked first among China’s tea companies in 2023. The following diagram illustrates the top five tea companies in terms of the number of franchised stores in 2023 in China:
- Substitute tea products refer to beverages that are made in a manner similar to that of tea from edible raw materials such as leaf buds, flowers, fruits, roots and stems.
- Company F (Beijing Xiaoguan Tea Co., Ltd.) is a non-listed company headquartered in Beijing with registered capital of approximately RMB 400 million. Established in 2014, it provides comprehensive tea leaf products, including Pu’er tea, green tea, black tea, white tea, and Oolong tea, and is especially famous for its small packaging form of aluminum cans. In addition, it offers tea ware products. In 2023, Company F’s total sales revenue of tea leaf products amounted to approximately RMB 1,039.5 million, accounting for approximately 0.3% of the overall tea leaf market.
- The top five players’ total market share in China's premium tea leaf market increased from 2020 to 2024 as the overall tea leaf market size expanded.

Source: Frost & Sullivan Analysis and Estimates