Proceedings of CONF-BPS 2026 Symposium: Sustainability Transitions and Regional Economic Restructuring in New Contexts
DOI: 10.54254/2754-1169/2026.NJ30927

Based on the Comparable Company Analysis Method - Taking Bama Tea as an Example

Tianyi Yu

School of Economics and Management, Tiangong University, Tianjin, China
lrbdmp1714@outlook.com

Abstract. The traditional Chinese tea industry, carrying profound cultural connotations, stands as an auniquely distinctive sector in the national economy. Traditional tea enterprises, blessed with rich cultural significance and a stable consumer base, are facing increasingly complex valuation logics due to the rise of emerging tea beverages and shifts in consumer preferences. This study focuses on the Hong Kong stock market and employs the comparable company analysis method to deeply analyse the financial status, brand influence, and product innovation capabilities of two traditional tea enterprises: TenFu's TEA and Lancang Ancient Tea. Through comparative analysis. The aim is to reveal the valuation level and driving factors of Bama Tea, and to explore the true value of traditional tea enterprises. This research aims to assist investors in accurately identifying investment opportunities, effectively avoiding risks, and providing references for strategic adjustments and transformation and upgrading of traditional tea enterprises. It also aims to promote the optimal allocation of industry resources and foster sustainable development in the tea industry.

Keywords: Hong Kong stock exchange initial public offering, traditional tea enterprises, comparable companyanalysis.

1. Introduction

According to data from the China Tea Circulation Association in 2024, although the national tea consumption market has surpassed the 300 billion yuan mark, the industry's concentration is relatively low. The top five enterprises have a combined market share of only 6.2% [1], presenting a scattered pattern of "a myriad of product categories like a starry sky, yet few prominent brands like a lone moon." Most traditional tea enterprises are trapped in a vicious cycle of "emphasising marketing and neglecting research and development" [2], excessively allocating resources to channel expansion and promotional activities while ignoring product innovation and technological upgrading. This has led to a lack of differentiated competitiveness and a severe shortage of momentum for sustainable development.

Meanwhile, a wave of intergenerational migration in consumption is surging. The proportion of Generation Z in the consumer market has exceeded 40%, and their consumption preferences are profoundly reshaping the industry ecosystem. The freshly brewed tea beverage market has emerged as a new force with a scale of 150 billion yuan. With fashionable packaging, diverse flavours, and

DOI: 10.54254/2754-1169/2026.NJ30927

convenient experiences, it accurately captures the needs of young consumers for personalisation and contextualization, dealing a dimensionality-reducing blow to traditional tea enterprises, Under the dual pressure, the living space of traditional tea enterprises is becoming increasingly narrow, and transformation is imminent [2,3].

A more severe challenge comes from the capital market. The cultural heritage that the traditional textile industry takes pride in has become a heavy burden for standardisation and large-scale expansion in the eyes of capital. The capital market pursues quantifiable, replicable, and predictable business models, which inherently conflict with the non-standardised characteristics, agricultural product attributes, and profound cultural connotations of the traditional tea industry. As of now, no traditional tea enterprise has successfully listed on the A-share market, an embarrassing reality that reflects a profound transformation in the industry's valuation logic [4,5].

Amidst the overall industry dilemma, Bama Tea, as the leading chain store specialising in all types of tea, possesses typical research value in its development trajectory. As of 2024, Bama Tea's revenue reached 1.86 billion yuan, achieving the top sales position in Tieguanyin tea for 14 consecutive years, rock tea for 5 consecutive years, and black tea for 4 consecutive years. It is one of the most renowned tea brands in China [6,7]. However, this star enterprise has failed four times in its initial public offering (IPO) attempts, making its path to capitalisation full of twists and turns. This contradictory phenomenon reveals the deep tension between cultural inheritance and capital operation, as well as between scale expansion and quality adherence in traditional tea enterprises. It also highlights the urgency of researching their valuation [2,3,8].

Previous research on the tea industry has primarily focused on the guiding role of the policy environment in industrial development, the alignment between industrialisation progress and commercialisation level, the establishment of brand building and market influence, as well as the impact of innovation capability and research and development investment on industry competitiveness. However, under the new economic situation, the wave of technological upgrading and the rise of young consumer groups are bringing about industry changes, which are profoundly shaping the valuation logic of the tea industry. Currently, systematic research on the industry valuation system under this new trend is still inadequate.

This study takes Bama Tea as the target enterprise and employs the comparable company analysis method to conduct an in-depth study on the core elements of two traditional tea enterprises, namely TenFu's TEA and Lancang Ancient Tea, including their financial status, brand influence, and product innovation capabilities, The aim is to analyze the valuation level and driving factors of Bama Tea, further explore the path to enhancing the valuation of the tea industry, and contribute to the sustainable development of the tea industry.

2. Research introduction

In this study, three enterprises, namely, Bama Tea, TenFu's TEA, and Lancang Ancient Tea, are all leading enterprises in China's tea industry. Among them, Bama Tea is a leading chain enterprise specialising in all types of tea, TenFu's TEA is a comprehensive tea enterprise with over 2,000 stores worldwide, and Lancang Ancient Tea is a tea enterprise with the second-highest market share in the segment of Pu'er tea. The three together occupy three of the top five positions in the industry, with a combined market share exceeding 10% the total industry, making them representative of the industry [8-10].

TenFu's TEA is a listed company on the Hong Kong Stock Exchange, while Lancang Ancient Tea is the "No.1 Pu'er Tea Stock" on the same exchange. Their valuation logic, investor structure and

DOI: 10.54254/2754-1169/2026.NJ30927

market pricing mechanism are similar, facilitating horizontal comparison through relative valuation method [9,10].

Both Bama Tea and TenFu's TEA adopt the "full category + full channel" model, covering six major tea categories and both online and offline sales networks. Although Lancang Ancient Tea focuses on Pu'er tea, it achieves a multi-level layout through its three major product lines: "1966", "Tea Mama", and "Yanleng". All three companies are involved in the entire industry chain of production, processing, and sales, and all expand through the franchise model, making their business models comparable [8-10].

3. Comparative analysis of comparable companies

3.1. Comparative analysis of financial status (as of December 31, 2024)

Table 1. Comparative analysis of financial conditions

Indicator	Bama Tea	TenFu's TEA	Lancang Ancient Tea
Gross profit margin	55.0%	51.6%	52%
Net profit margin	10.5%	8.9%	-85.4%
Inventory turnover day	109 days	470 days	1843 days
Debt-to-asset ratio	52.4%	22.3%	40.9%

As shown in Table l, Bama Tea boasts the highest gross profit margin, highlighting its brand premium and product advantages. Its inventory turnover efficiency outperforms the industry, and its franchise model disperses inventory pressure. However, the net profit margin is dragged down by sales expenses, and the high proportion of current liabilities poses significant short-term debt repayment pressure. TenFu's TEA follows closely behind in terms of gross profit margin, with a stable asset-liability ratio and strong risk resistance. Nevertheless, store losses drag down the net profit margin, and inventory backlog in offline channels leads to slow turnover. Accelerated store transformation and digital upgrading are needed. The gross profit margin of Lancang Ancient Tea has declined due to promotions, and operating losses and asset impairment exacerbate the pressure on the net profit margin. Inventory turnover days have surged, and market demand is weak. It is also necessary to optimise channel collaboration, strengthen accounts receivable management, and control borrowing scale.

3.2. Comparative analysis of brand influence

As shown in Table 2, the proportion of franchise stores of Bama Tea Industry is 91.5%, with 217 new stores added in third-tier and lower-tier cities, ranking first in the industry in terms of penetration rate in the lower-tier market, demonstrating strong channel expansion capabilities. The proportion of franchise stores of TenFu's TEA is 67%, with 89 new stores added in third-tier and lower-tier cities, indicating a slower pace of channel expansion. The proportion of directly operated stores of Lancang Ancient Tea is 65%, with 62 new stores added in third-tier and lower-tier cities, reflecting weaker channel expansion capabilities. The average transaction value per customer of TenFu's TEA stores is 620 yuan, with the strongest brand premium ability, mainly due to its high proportion of directly operated stores and high-end product positioning. The average transaction value per customer of Lancang Ancient Tea stores is 580 yuan, with strong brand premium ability, mainly due to its focus on high-margin Pu'er tea products. The average transaction value per

DOI: 10.54254/2754-1169/2026.NJ30927

customer of Bama Tea Industry stores is 10 yuan, with relatively weaker brand premium ability, mainly due to its franchise model leading to fierce price competition. The online revenue of TenFu's TEA accounts for 38.2%, with a member repurchase rate of 60%, indicating strong integration capabilities between online and offline channels. Bama Tea's online revenue accounts for 35.2%, with a member repurchase rate of 65%, highlighting outstanding performance in the online channel. Lancang Ancient Tea's online revenue accounts for 28.5%, with a member repurchase rate of 58%, indicating relatively weaker performance in the online channel.

Table 2. Comparative analysis of brand influence

Indicator	Bama Tea	TenFu's TEA	Lancang Ancient Tea
Proportion of franchise stores	91.5%	67%	35%(mainlydirect sales)
Same-store revenue growthyear-on-year	6.2%	4.8%	5.5%
New stores in third-tier and lower-tier cities	217	89	62
Average transaction value per customer in the store	510 yuan	620 yuan	580 yuan
Brand awareness	82.3%	78.6%	72.1%
Online revenue ratio	35.2%	38.2%	28.5%
Member repurchase rate	65%	60%	58%

3.3. Comparative analysis of product innovation capabilities

Table 3. Comparative analysis of product innovation capabilities

Indicator	Bama Tea	TenFu's TEA	Lancang Ancient Tea
Proportion ofresearch and development expenses	0.75%	0.9%	1.3%
Newly added invention patents	11 items (38 items in total)	5 items (32 items in total)	6 items (25 items in total)
Full-process automationcoverage	85%	75%	70%
"One-code traceability" systemcoverage	95%	90%	85%

As shown in Table 3, Lancang Ancient Tea allocated 1.3% of its budget to research and development, secured 6 new invention patents, prioritised the development of innovative products like Pu'er tea enzyme capsules, and maintained a leading position in supply chain technology.TenFu's TEA allocated 0.9% of its budget to research and development, secured 5 new invention patents, and allocated 8% of its products to healthy tea drinks. It achieved full-process traceability through AI combined with blockchain technology. Bama Tea increased its research and development budget allocation to 0.75%, secured 8 new invention patents, and focused on the development of tea polyphenol extraction and intelligent warehousing.

The full-process automation coverage rate of Bama Tea is 85%, and the coverage rate of its "one-code traceability" system is 95%. Its consumer scanning and inquiry rate ranks among the top in the industry. The automation coverage rate of TenFu's TEA is 75%, with a traceability system coverage of 90%, and a scanning and inquiry rate of 62%. The automation coverage rate of Lancang Ancient Tea is 70%, with a traceability system coverage of 85%. This system was applied relatively late.

DOI: 10.54254/2754-1169/2026.NJ30927

3.4. Valuation conclusion

3.4.1. Price-to-Earnings (P/E) valuation

As comparable companies listed on the Hong Kong Stock Exchange, TenFu's TEA and LancangAncient Tea currently have P/E ratios of 19x and 23x respectively. Bama Tea benefits from its leading position as a chain store specialising in all types of tea, its industry-leading penetration rate in lower-tier markets (with 217 new stores added in third-tier and lower-tier cities), as well as its outstanding performance in online channel revenue proportion (35.2%) and member repurchase rate (65%). It is expected that there is room for improvement in its net profit margin. Taking into account the average P/E ratio of comparable companies and the growth potential of Bama Tea, the reasonable P/E range is adjusted upward to 17-2lx, representing a discount of about 10%-15% compared to the industry average, reflecting the fact that its channel profit distribution and brand premium ability under the franchise model need to be strengthened.

3.4.2. Price-to-Sales (P/S) ratio valuation

The projected revenue growth rate of Bama Tea in 2025 is +11%, higher than the industry average (Frost & Sullivan predicts a growth rate of about 6%-8% for the tea industry). Moreover, its"full product category + full channel" model and full-process automation coverage (85%) have built an operational efficiency barrier. Compared with TenFu's TEA (P/S ratio of about 1.8x) and Lancang Ancient Tea (P/S ratio of about 2.1x), considering Bama Tea's industry market share (first in the all-tea category chain) and potential for digital upgrading, a P/S premium of 2.0-2.4x is given, which reflects its scale advantage and growth elasticity in the corresponding valuation range.

4. Conclusion

Bama Tea has achieved rapid expansion through its franchise model, boasting high penetration in lower-tier markets and excellent member repurchase rates, thereby establishing a stable consumer base. However, the brand premium capacity under the franchise system is relatively weak and needs further enhancement. Through an analysis of its financial status, brand influence, and product innovation capabilities, the reasonable P/E ratio range for Bama Tea is 10%-15% lower than the industry average, ultimately determined to be 17-21 times. This range reflects the profit diversion and brand premium shortcomings under the franchise model, while also taking into account its growth potential, channel expansion capabilities, and valuation support from technological empowerment. Nevertheless, this study has limitations, primarily in the selection of comparable companies. Selecting only two comparable companies is too small a sample size to fully cover the characteristics of different types and sizes of enterprises within the industry, potentially leading to biased valuation conclusions. The significant differences in business models and market positioning among these two companies make it difficult to reflect the overall industry affecting the true positioning and value of Bama Tea, as well as judgments on industry trends and competitive environments. Future research should expand the scope of comparable companies to enhance the reliability and practicality of the study.

This study holds significant implications for the valuation of Bama Tea from multiple perspectives. From an industry perspective, it provides a new perspective and reference case for the valuation research of the tea industry, focusing on the impact of the franchise model on valuation, enriching the theory and practice of industry valuation research, and contributing to the

DOI: 10.54254/2754-1169/2026.NJ30927

improvement of the industry valuation system. For investors, the study offers a valuable reference range for valuation, assisting investors in combining their own risk preferences and investment strategies to more accurately assess the investment value of Bama Tea and reduce investment risks. From the perspective of Bama Tea's own development, the study provides useful feedback for corporate strategic planning, identifying issues such as brand premium and profit diversion, as well as advantages such as growth potential and channel expansion, helping the company to adjust its strategic direction accordingly.

References

[1] China Tea Marketing Association. (2024). 2024 China Tea Market Consumption Analysis Report [Report]. Beijing: China Tea Marketing Association.
[2] Xin, H., & Lei, Y. (2025). Bama Tea has Broken Hhrough the Capitalization Dilemma of IPO Four Times. Faren Magazine, (09), 70–72.
[3] Tang, W. (2025). Is There a New Solution to the Dilemma of Tea Industry Transformation?. 21st Century Business Herald.
[4] Chen, H. (2025). Refusing to "Involution", How can the Tea Industry Break through?. China Co-operation Times.
[5] Zhao, G. (2024). How to Complete the Modernization of the Chinese-style Tea Industry?. China Co-operation Times.
[6] Jiao, S. (2025)Research on Marketing Channel Optimization of B Tea Industry Company under the Background of Figital Economy.
[7] Qiu, J., & Chen, S., & Zheng, M., & Xie, W., & Guan, J., & Qiu, Y.(2025). Intelligent Industrial Chain Construction and Upgrading Path of Phoenix Monocotyledon Tea Industry Driven by New Quality Productivity. Academic Journal of Business & Management.
[8] Bama Tea Co., Ltd. (2025). 2025 Prospectus (Draft Declaration) [Prospectus]. Xiamen: Bama Tea Co., Ltd.
[9] TenFu's TEA. (2024). 2024 Annual Report [Annual Report]. Hong Kong: TenFu's TEA.
[10] Pu’er Lancang Ancient Tea Co., Ltd. (2024). 2024 Annual Report [Annual Report]. Pu'er: Pu’er Lancang Ancient Tea Co., Ltd.