



China: The Double Wave Breaking Now

China

COUNTRY SPOTLIGHT

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English Edition (also available in Russian and Chinese)



Brandmine



COUNTRY SPOTLIGHT

China: The Double Wave Breaking Now

China has 55 million private enterprises, a premium tea sector where no company has ever listed on the stock exchange, and a restaurant chain that took its first outside capital in January 2026 -- after 38 years of independence. Two reform waves have created two founder cohorts ageing out simultaneously. Only 21% have a succession plan. Lunar Capital has already completed 20 buyouts. The double wave is breaking now.

QUICK FACTS

Market Size	\$18.5T GDP (2024) • 1.4 billion consumers • domestic consumer market exceeding \$6T annually • world's second-largest economy
Unique Advantage	Two reform waves created overlapping founder cohorts approaching succession simultaneously – transition pressure unprecedented in scale
Biggest Challenge	Only 21% have succession plans • one-child policy cut successor pools 14% • 80%+ of heirs refuse to inherit • "Common Prosperity" lowered profiles
Timing Factor	Wave 1 (1978–1992, now 65–78) deep in transition • Wave 2 下海 generation (1992–2001, now 53–65) entering – compressed double succession event

“Only 21% of Chinese family firms have succession plans, compared with 49% globally.”

All-China Federation of Industry and Commerce, Private Enterprise Survey

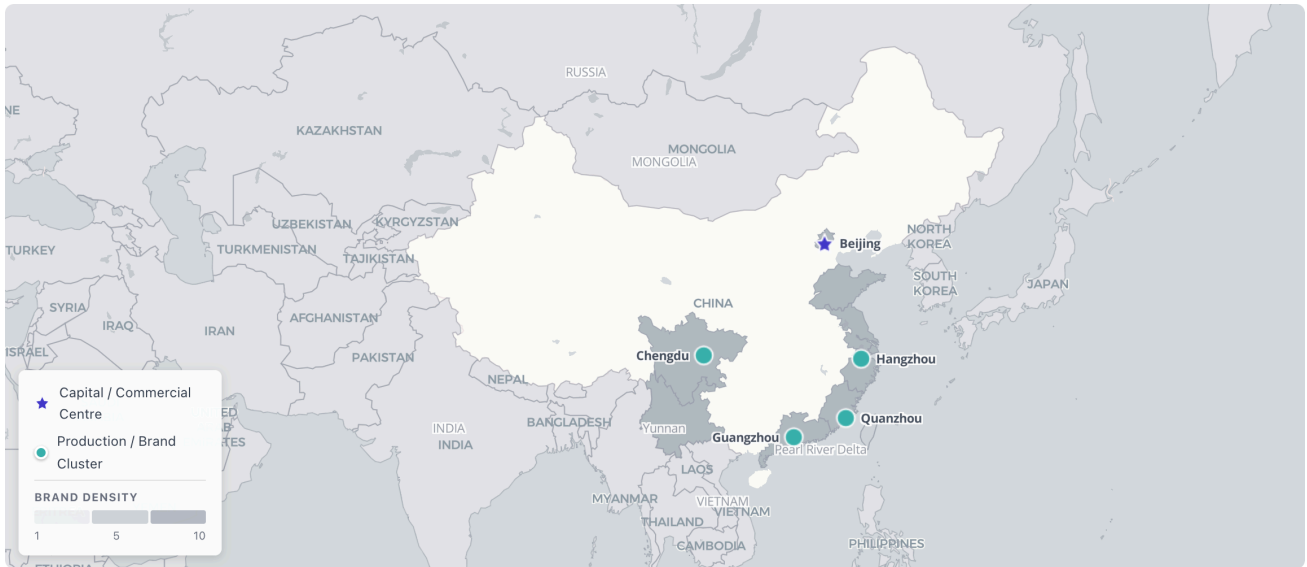
ACFIC, 2024

MARKETS: China

SECTORS: Tea & Coffee · Restaurants · Fashion & Accessories · Spirits · Gourmet Foods · Natural Beauty · Jewelry & Watches

GEOGRAPHIC CONTEXT

Three axes, simultaneous succession: China's founder-owned brand geography



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Founder-owned consumer brands distribute along three axes — the Pearl River Delta export corridor, the Zhejiang entrepreneurial belt, and the Sichuan-Yunnan tea and spirits zone — with Wave 1 and Wave 2 succession pressure hitting all three axes simultaneously as two reform cohorts converge on the transition window.

Brand activity distributes along three axes: the Pearl River Delta (Guangdong/Fujian) export-origin brands, the Zhejiang entrepreneurial corridor (Hangzhou/Wenzhou/Yiwu), and the Sichuan-Yunnan agricultural and tea belt. Beijing and Shanghai concentrate premium services and fashion. The geographic spread means succession pressure spans the entire eastern seaboard simultaneously.

* * *

COUNTRY NARRATIVE

No pure tea company has ever listed on China's A-share stock exchange. Not one, in a sector with an estimated 150 key enterprises and 1.5 million tea-related businesses nationwide. The entire premium tea category – brands with decades of history, thousands of stores, and founders who built national distribution from nothing – remains invisible to capital markets by design. That invisibility is not an accident. It is the defining characteristic of China's founder-owned consumer brand landscape, and it is about to change.

The Founder Transition Wave documents a synchronised succession event unfolding across emerging markets. China's version is structurally different from any other market in Brandmine's coverage. It is not a single wave but a double wave: two distinct reform cohorts, created by two different historical moments, converging on the

succession window simultaneously. The scale is without precedent. The intelligence gap is closing. The buyers who understand the structure first will operate at prices the post-transition market will not offer again.

The double wave and its shape

China's commercial private economy was not born in a single moment. It accumulated in two distinct surges, each creating a founder cohort with different ages, different business models, and different relationships to institutional capital.

The first wave formed during the Reform and Opening Up era (1978–1992). When Deng Xiaoping launched his reforms in 1978, private business was barely legal. The household responsibility system broke the agricultural communes. Special Economic Zones in Shenzhen, Zhuhai, Shantou, and Xiamen created laboratories for market economics. Township and Village Enterprises became the first legal vehicles for private commercial activity. The founders who started businesses in this window built in food production, beverages, specialty goods, and retail – sectors where personal relationships and supply chain knowledge were more valuable than capital. Today they are aged 65 to 78. Many are deep into the succession window. Some have already transitioned partially. Most have no plan.

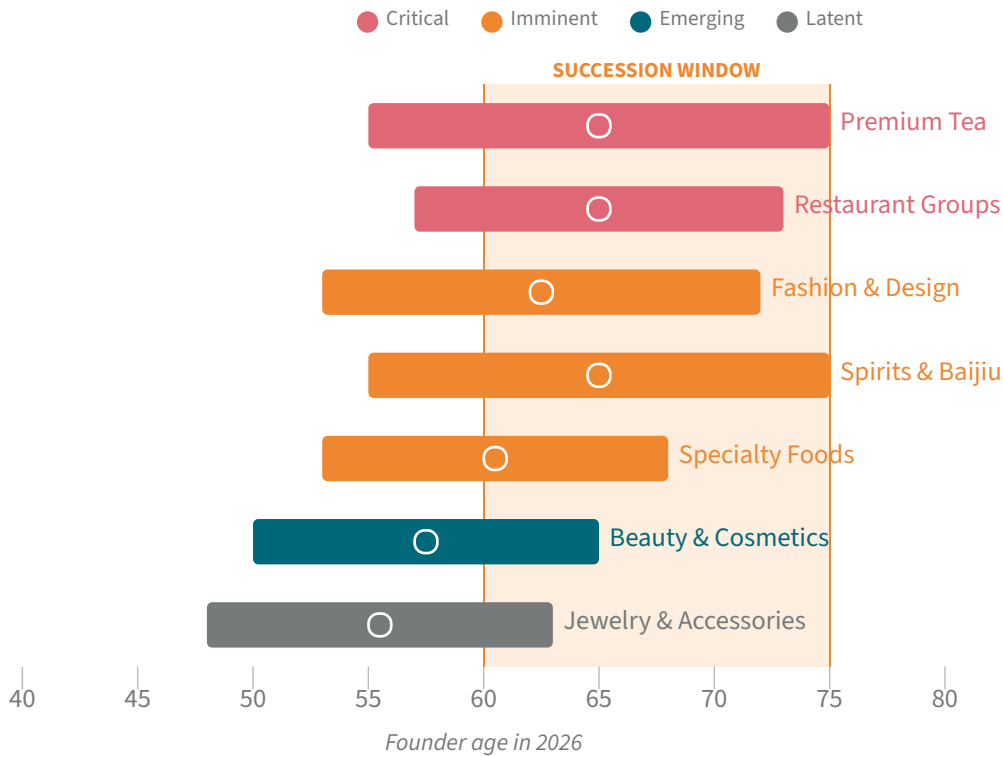
The second wave – numerically larger and commercially more visible – formed around Deng's 1992 Southern Tour. The inspection of Shenzhen and Zhuhai re-ignited private sector growth after the Tiananmen chill. 下海 (xiàhǎi, literally “plunging into the sea of business”) became the defining metaphor of the decade. Millions of state-sector employees abandoned the security of state jobs to found consumer businesses in food, fashion, restaurants, and specialty services. The 1993 Company Law, the 1999 constitutional amendment recognising the private economy, and WTO accession in 2001 amplified this wave through three successive rounds of institutional legitimisation. The founders from this era are now 53 to 65 – entering the succession window, with the bulk of transition decisions still ahead of them.

What makes China's double wave structurally different is the compression effect. In Russia, the privatisation wave created a single cohort with a narrow age band. China's two cohorts are partially overlapping, with Wave 1 founders in the 65–78 range and Wave 2 founders in the 53–65 range – meaning that for every sector, both cohorts are in motion simultaneously. A tea company founder from 1982 and a restaurant group founder from 1995 are both in the succession window in 2026, operating in the same commercial environment, subject to the same structural pressures, and equally invisible to the same institutional databases.

FOUNDER AGES BY SECTOR

Where China's Founders Stand in 2026

Two reform waves, one window — and only 21% have a succession plan



Age ranges based on sector mapping research and founder profiles. Succession window (60–75) based on PwC Global Family Business Survey and INSEAD family business research. Source: Brandmine analysis.

Seven sectors where the double wave is breaking

Brandmine’s sector mapping identified fifteen candidate consumer sectors in China. Seven show meaningful founder-owned brand activity at commercial scale across both cohorts. The top three – premium tea, restaurant groups, and fashion – collectively contain an estimated 200 to 300 founder-owned brands meeting transition wave criteria. Here is where the double wave is breaking.

The sector that capital markets have never touched

China’s premium and specialty tea sector is the most structurally invisible consumer category in the country. The China Tea Marketing Association identifies 150 key enterprises at meaningful scale – a floor estimate that the Research Director notes is likely 5 to 10 times conservative at full research depth. No pure tea company has completed an A-share listing. Eight Ma Tea (八马茶业) attempted an IPO, withdrew, and only recently took institutional capital (¥150 million from IDG and Tiangtu) – illustrating just how recently institutional capital has begun to enter the category. Huaxiangyuan (华祥苑), with 3,600 stores and a 19th-century family heritage, attempted and abandoned an A-share listing without ever completing it. Zhengshandang (正山堂), inventor of Jin Jun Mei red tea and a participant in drafting national red tea standards, remains privately held. Founder

ages span both cohorts: Wave 1 entrepreneurs who bought state-owned tea factories at distress prices in the late 1980s sit alongside Wave 2 founders who built national premium brands in the post-WTO consumer boom. Succession urgency: critical. The combination of no institutional capital, no listing precedent, and founders aged 55 to 75 creates the most acute concentration of invisible transition risk in any Chinese consumer sector.

The chain that waited 38 years

China's restaurant group sector offers the clearest single data point in Brandmine's China research: in January 2026, Jia Guolong (贾国龙, born 1967) accepted outside capital for Xibei for the first time – 38 years after founding the restaurant in 1988 with ¥2,000. Xibei had reached ¥6.2 billion in revenue and 370+ stores entirely on the strength of personal founder capital and operational reinvestment. The same month, a public controversy over pre-made ingredients triggered a 40–60% revenue decline and plans to close 102 locations. The crisis and the capital event are not separate stories. They are the same story: a founder who built extraordinary scale without institutional partners confronting, for the first time, a threat that personal crisis management alone cannot resolve. Elsewhere in the sector, Wallace (华莱士) – founded in 2001 by Wenzhou brothers (born 1969 and 1970) who pivoted from shoe selling to restaurants – has built 20,000 stores with no known institutional capital whatsoever. Old Xiang Chicken (老乡鸡), with 1,200 stores and the founding family holding 92% of the equity, withdrew its A-share IPO in August 2023. Chain penetration in China is roughly 5% of the restaurant market, compared with 30% in the United States. The hundreds of regional chains at \$5 million or more in revenue that have never been profiled represent, collectively, the largest single untapped intelligence opportunity in the sector. Succession urgency: critical.

The designers who said no to everything

China's fashion and designer brand sector spans both waves and both genders, but its most commercially interesting characteristic is the consistency with which founder-owned brands have refused institutional capital. Exception (例外), founded in 1996 by Mao Jihong (毛继鸿, born 1969) in Guangzhou, has never taken one yuan from bank loans or external investors in 30 years – despite approximately 100 stores and estimated revenue exceeding \$40 million. Guo Pei (郭培), born 1967, founded Rose Studio in 1997 and built it into China's most internationally recognised haute couture house (Rihanna's Met Gala cape, 2015) without institutional capital. The “创二代” (chuàng èr dài, entrepreneurial second generation) succession wave in fashion is already visible and documented: Hai Lan Home, Bosideng, Semir, and Xtep have all seen second-generation family members assume operational roles in the past three years. These are the public events at the top of the market; the 25 to 40 mid-market founder-owned fashion brands with no press profile are in the same succession window with no equivalent governance infrastructure. Succession urgency: imminent.

The sectors still forming

Four additional sectors warrant monitoring. China's spirits sector – specifically private baijiu distilleries outside the dominant SOE brands like Moutai – contains an estimated 30 to 50 founder-owned brands at commercial scale, mostly in Sichuan and Guizhou, with founders aged 55 to 75 and succession urgency rated imminent. Specialty foods and snacks (休闲食品), built on Wave 2 founders in regional food processing, contain an estimated 40 to 60 brands with founders aged 53 to 68 – succession urgency: imminent. Natural beauty and cosmetics (国货美妆) rides the 国潮 national tide tailwind with a younger cohort (founders aged 50 to 65) and slightly lower succession urgency – emerging. Jewelry and accessories, with a still younger entrant cohort, rates as latent for 2026 but worth monitoring for the 2028–2032 window.

Common Prosperity, the one-child heir gap, and Lunar Capital's twenty deals

The double wave structure gives China's succession crisis a specific character that no other market replicates at anything approaching this scale.

The “Common Prosperity” visibility effect creates an information asymmetry that is effectively the opposite of the problem in smaller markets. In Mongolia, there are too few brands. In China, there are too many – and post-2021, the ones in the succession window have deliberately retreated from public view. A founder who built a regional food brand to ¥300 million in revenue without institutional capital and then watched tech founders get disciplined for conspicuous wealth has powerful incentives to stay invisible. The brands are not hidden. The founders are. The intelligence gap is not about data scarcity – China has the most extensive business press ecosystem of any emerging market, with 财新 (Caixin), 界面新闻 (Jiemian), 第一财经 (Yicai), and a founder-profile tradition in 人物 (Renwu) and 三联生活周刊 (Sanlian) that produces richer NDD material than any comparable country. The gap is about synthesis: which of the thousands of founder-owned brands at commercial scale are in the succession window, and where is the transition pressure acute enough to create actionable intelligence.

The one-child policy operates as a structural multiplier on every other succession factor. Chinese private enterprise succession has historically followed the 子承父业 (zǐ chéng fù yè, “son inherits father’s business”) pattern. The one-child policy reduced potential successor pools by 14% across the entire cohort. In the Wave 1 generation – founders who built businesses between 1978 and 1992 and had children during the policy’s peak enforcement period – a significant fraction have no biological heir of working age with the temperament and training to take over. The combination of single-heir demographics, the 80%+ refusal rate among second-generation heirs documented by the All-China Federation of Industry and Commerce, and the absence of institutional succession infrastructure produces a gap with no parallel in Russia, India, or Southeast Asia.

Lunar Capital is the signal. This Hong Kong-based private equity firm explicitly targets succession situations in China’s consumer sector and has completed 20 or more buyouts of founder-owned consumer brands. When a firm builds its entire investment thesis around the succession gap in Chinese consumer brands, the intelligence opportunity it implies is not speculative. It is being quantified, bought, and monetised in real time. The question for other institutional buyers is not whether the opportunity exists – Lunar Capital has answered that – but whether they have the intelligence to identify which brands are next.

What Lunar Capital’s twenty buyouts tell the rest of the market

The buyers who understood China’s double wave earliest are already inside. Hillhouse Capital, Boyu Capital, and FountainVest have all completed transactions in Chinese consumer brands, though not with the founder-succession-specific thesis that Lunar Capital deploys. The distinction matters: a general consumer-brand buyer and a succession-specialist buyer are looking at different brands at different stages of the transition, paying different prices, and producing different outcomes for the founder and the business.

What is changing in 2026 is not the existence of the opportunity but its visibility. The Xibei crisis – the most documented founder-transition event in Chinese consumer history, played out across 财新, 虎嗅, and 中国企业家 杂志 in real time – has put succession risk at the centre of Chinese consumer brand analysis for the first time. The 创二代 fashion transitions at Hai Lan Home, Bosideng, and Semir are being tracked as a category event, not as isolated corporate announcements. The tea sector’s complete absence from A-share markets is being discussed in investment circles as an anomaly, not a feature.

The brands that survived “Common Prosperity” without institutional capital are invisible by design, not by accident. A Fujian tea house with 3,600 stores and no A-share filing, a Guangzhou designer who refused institutional capital for thirty years, a restaurant founder who took his first outside money in the same month his chain lost 40 to 60 percent of revenue – these are not hidden assets. They are deliberate ones. The intelligence to identify which of the thousands of mid-market founder-owned brands sit inside the Wave 1 and Wave 2 succession bands exists in 财新, 人物, 三联, and ACFIC data. Lunar Capital has built its thesis around synthesising it. The buyer who reads the founder-profile archive in 2026 competes for Zhuyeqing, Xibei, and

Exception at founder prices; the buyer who reads it after Lunar's next twenty buyouts competes against an exit multiple that already reflects the succession premium.

KEY TAKEAWAY

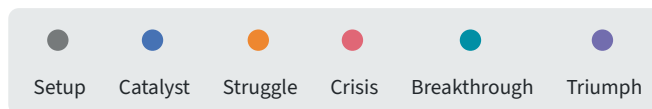
The brands that survived 'Common Prosperity' without institutional capital are not hiding -- they are invisible by design. That invisibility is temporary. The window to move first is open now.

* * *

TRANSFORMATION TIMELINE

The double wave generation, 1978–2026

From Deng Xiaoping's 1978 reforms to Xibei's first outside capital in 2026 — two overlapping reform waves compressed China's entire founder succession crisis into a single simultaneous break.



SETUP 1978

Deng Xiaoping launches Reform and Opening Up

The household responsibility system, Special Economic Zones in Shenzhen and three other cities, and a new Joint Venture Law create the first legal space for private enterprise since 1949. A generation of Wave 1 founders -- now aged 65 to 78 -- begins building businesses in manufacturing, food production, and retail when private ownership is barely legal.

CATALYST 1984

Urban reform expands across 14 coastal cities

The reform model spreads from agricultural villages to urban enterprise. Township and Village Enterprises become the dominant vehicle for private business activity. Consumer-facing businesses -- food, beverages, textiles, specialty goods -- begin to form the commercial infrastructure of modern China's founder-owned brand landscape.

CATALYST 1988

Private Enterprise Regulations formalise ownership

For the first time since the People's Republic was founded, regulations explicitly recognise private enterprises as legal entities. Jia Guolong founds Xibei with ¥2,000 this year. The cohort of founders who started businesses between 1978 and 1992 now ranges from 65 to 78 years old -- and most have no succession plan.

CATALYST 1992

Deng's Southern Tour ignites the 下海 generation

Deng Xiaoping's inspection tour of Shenzhen and Zhuhai re-ignites private sector growth after the Tiananmen chill. 下海 (xiàhǎi -- "plunging into the sea of business") becomes the defining metaphor of the decade. Millions of state-sector employees leave secure jobs to found consumer businesses. This is the Wave 2 cohort -- founders now aged 53 to 65.

CATALYST 2001**WTO accession opens global markets**

China's WTO accession creates an export boom and a domestic consumer market expansion that amplifies both cohorts. Wave 1 brands in food, beverages, and specialty goods reach national scale. Wave 2 brands in fashion, restaurants, and beauty services establish the consumer categories that the 国潮 (national tide) movement will later elevate. 唐先洪 (Tang Xianhong) has been building Zhuyeqing tea for three years; 毛继鸿 (Mao Jihong) has been growing Exception fashion for five.

CRISIS 2008**Melamine scandal reshapes food and beverage trust**

The contamination of infant formula by melamine, killing six children and sickening 300,000, triggers a systemic reassessment of Chinese food brands. Founder-Owned brands in food, beverages, and specialty ingredients that maintained quality standards through this crisis acquire durable trust advantages -- the crisis documentation that constitutes Narrative Due Diligence material.

CRISIS 2015**Stock market crash and currency devaluation**

The Shanghai Composite loses 40% in two months. The renminbi is devalued 3% in a single day. Founder-Owned consumer brands that survive without institutional capital prove their operational resilience. The crash also triggers a wave of state-directed consolidation in sectors with SOE presence, sharpening the distinction between privately held founder-owned brands and state-connected enterprises.

CRISIS 2020**COVID lockdowns test the entire cohort**

China's extended lockdowns -- culminating in the 76-day Wuhan lockdown and the 2022 Shanghai lockdown -- stress-test every consumer brand simultaneously. Restaurant groups that survived without institutional capital demonstrate a different order of operational resilience. The crisis documentation from 2020--2022 is the richest single source of NDD material for Chinese consumer brands.

STRUGGLE 2021**Common Prosperity drives founders underground**

Xi Jinping's "Common Prosperity" regulatory campaign targets technology, education, and real estate with sector-killing force. Consumer brands are largely unscathed -- but founders become acutely cautious about personal wealth disclosure and public visibility. The effect is paradoxical for institutional investors -- the brand pool is unchanged, but the signal layer disappears. Founders who were already invisible to Western databases become invisible to domestic platforms too.

BREAKTHROUGH 2026**Xibei takes first outside capital after 38 years**

In January 2026, Jia Guolong -- who founded Xibei in 1988 with ¥2,000 and built it to ¥6.2B revenue and 370+ stores -- accepts outside capital for the first time. The same month, his pre-made food controversy triggers a 40--60% revenue decline and plans to close 102 stores. The signal is unmistakable -- Wave 1 and early Wave 2 founders are at the inflection point. The succession window is open.

Outreach quick reference

Metric	Reference
Dialing	+86
Currency	Chinese Yuan Renminbi (¥ / CNY / RMB) — current rates: pbc.gov.cn
Time Zone	UTC+8 (China Standard Time — no daylight saving; single timezone nationwide)
Working week	Mon–Fri; ~5 govt-mandated make-up Saturdays/year (补班) around major holidays
Capital	Beijing (北京)
Internet	Great Firewall active — VPN required for Google, WhatsApp, and Western platforms; WeChat is primary B2B channel
Messaging	WeChat (微信) dominant; WeCom (企业微信) for enterprise — WhatsApp, Telegram, Messenger all blocked (VPN needed, unreliable)
Payment	Alipay 支付宝 + WeChat Pay 微信支付 dominant (>90% retail); QR universal; UnionPay for cards; cash marginal
Banking	Cross-border transfers via SWIFT; CIPS for RMB transactions (revised rules effective Feb 2026); FX conversion requires SAFE regulatory approval — US secondary-sanctions risk escalating (Treasury warned Chinese banks April 2026). Verify current compliance position before any engagement.
Languages	Mandarin Chinese (business standard); English limited outside international firms
Entry	Business visa (M-class) or invitation required; 240-hour visa-free transit available at 65 ports across 24 provinces for nationals of 55 eligible countries (incl. US, UK, EU). Verify current rules.



About this research

This report draws on 0 verified sources across 1 language — primary documents, founder interviews, and trade press. Every figure and claim is cross-validated against independent references.

Full methodology at brandmine.ai.

ABOUT BRANDMINE

Exceptional founder-owned brands. Proven resilient. Ready now.

Brandmine delivers structured discovery intelligence on founder-owned consumer brands in emerging markets — researched in local languages, structured for investment decisions, delivered as focused reports.

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✉ hello@brandmine.ai

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