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Of All the Tea In China, 'Puer' Is the Hottest

With Prices Near a Peak,
Some See a New Bubble;
A Vintage \$13,000 Cake

By IRIS KUO

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ZHUHAI, China -- In this booming economy, the latest investment fad has everything to do with the price of tea in China.

More precisely, it has to do with the price of puer.

A type of tea commonly pressed into Frisbee-shaped cakes, puer (pronounced "poo-ahr"), was long the domain of a small group of tea collectors. Earlier this year, speculators discovered the tea, driving up its value.

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Hong Kong collector Bai Shuiqing, 52, prepares cups of 100-year-old puer tea.

Puer, with a medicinal flavor and smoky aftertaste, improves with age unlike other teas that grow stale. Sellers claim it aids weight loss and lowers blood pressure.


The price of one of the hottest varieties of puer soared to nearly \$35-a-cake this past April, seven times the \$5-a-cake value just three years ago. Today, a cake of puer sells for nearly \$16, a 60% backslide from the peak, fueling fears of a crash.

Puer's popularity reflects how China, awash in cash and slim on investment outlets, is primed for speculation of even the most ordinary -- or unexpected -- assets.

The puer boom spurred 45-year-old Yunnan native Zhang Bing to open a puer exchange in June to help traders find willing buyers and sellers. The exchange, lined with shelves of puer cakes, doubles as a meeting place for a puer club Mr. Zhang started last month.

"It's just like stocks," said Mr. Zhang, eyeing the latest puer price fluctuations on a flat-screen TV

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SLIDESHOW

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mounted by the doorway of the new exchange.

Such efforts are frowned upon by collector Bai Shuiqing, 52, who is so well-known in the industry that his autograph appears on commemorative cakes of puer. Mr. Bai says he already has the "guanxi," or connections, to sell his tea.

Mr. Bai is reluctant to talk about the value of his puer, saying he collects it for its taste, not its monetary value. Still, he estimates his 56 cakes of 100-year-old puer are worth about \$640,000. He has two 150-year-old cakes whose value he declines to discuss. Last year, Mr. Bai started selling hand-selected cakes of puer marketed under his name.

At his vast tea warehouse in Hong Kong, Mr. Bai picked up a small piece of the tea, broken from its original cake, and placed it in an earthen teapot engraved with his name. He poured hot water in to rinse the leaves, discarding the first infusion, in what is called "awakening" the tea, and poured the second into a small, clear serving pot.

"Smell this," he said, beaming, and held out the steaming pitcher of clear brandy-colored liquid, a hue indicative of well-aged puer. "This is the best tea in the world."



Bai Shuiqing

Mr. Bai says he can divine the age of his puer by taste alone. Still, he keeps the authentication papers for each cake carefully sealed in plastic.

Like wine, puer is judged by vintage. At the top of the scale are 150-year-old cakes that can fetch more than \$13,000. Newly minted cakes -- which taste bitter and strong compared with aged ones -- range from \$13 to \$25. Ideally, puer should be stored in airy, humidity-controlled rooms, away from sun and pungent odors that might penetrate the leaves.

Puer, once a gift for emperors, was long relatively unknown in mainland China. Even in Yunnan, where the tea is cultivated, locals preferred plain old green and black tea.

But puer's popularity in Taiwan, Hong Kong and Guangzhou trickled to the mainland around 2004, stirring interest among consumers. Sensing a tourism peg, the local Yunnan government in 2005 sponsored an unusual publicity campaign for the tea in a modern-day version of the caravans that once plied trade routes to Beijing.

The caravans were stocked with puer from Yunnan tea companies that co-sponsored the event. The procession made promotional stops in major cities along the route to the capital. The voyage was broadcast on TV, anchored by Zhang Guoli, a famous actor best known for his role as Emperor Kangxi of the Qing Dynasty, the era from which puer dates.

Puer's popularity skyrocketed, and the elite crowd of puer connoisseurs was joined by newcomers who possess neither their expertise nor their devotion to it. A 150-year-old cake of puer went on a promotional tour of the country in March, starting from the Forbidden City in Beijing. It arrived in Yunnan province later that month in the city of Simao, which had changed its name to Puer to help promote tea sales. The tour was sponsored by the city's government, which billed it as a homecoming for the tea.

The Yunnan government recently named puer one of the region's 10 prized cultural resources. In Beijing, puer cakes were marketed as a replacement for traditional moon cakes during the recent mid-autumn festival. Puer is cropping up in restaurants, which display prized vintages like a wine list. Exclusive clubs are opening in Beijing and Guangdong, where the rich gather to drink the tea and learn about its history.

Businessmen armed with cash were elbowing for puer by the case (each case contains 84 cakes). Tea leaves are being hoarded. It used to take weeks for the first batch of puer to sell out, according to Scott Wilson, a tea seller based in Kunming. This year, by the time it arrived in town, the entire stock was sold out.

Mainland Chinese tourists, toting magazines that chart the value of name-brand puers, visited Hong Kong tea shops to buy out entire stocks of recommended tea, says Henry Yeung, managing director of Sunsing Tea House in Hong Kong.

"They don't know anything about tea," sniffs Mr. Yeung, 30. Like others in the old-school puer crowd, he says novices, clueless about how to select and store quality puer, are likely to be duped by fakes.

Counterfeiters have printed knockoffs of popular labels, prompting one maker, Menghai Tea Factory, to employ Chinese money-printing technology to make its wrappers hard to duplicate. The company also set up a hotline for tipsters and established an investigative team to track suspects.

Other factories have cut production of regular green and black tea. Farmers are mixing in lower-quality leaves to puer harvests to artificially boost production. Long-time puer drinkers such as Mr. Yeung turn up their noses at the 2007 vintage, which they say is poor quality.

The boom has set off a wave of conspiracy theories on how it began. Some distributors whisper it started after one company withheld supplies to create the illusion of demand. Others posit that greedy businessmen hired imposters to bid up prices on their stocks of puer.

Tea industry officials fret about a crash. Still, current values are more than double what they were a year ago.

Farmers could be among the hardest-hit from a bust. Industry watchers say that thanks to puer, this year marks the first time tea farmers -- many of whom are ethnic minorities living on the southern Chinese border -- have made a livable wage. The broad-leaf trees that produce puer take three years to mature, meaning farmers who have invested in tea trees are gambling that prices will stay high.

Collectors like Barry Tam aren't worried. This year, the 33-year-old who lives in Hong Kong bought a 100-year-old puer cake for about \$13,000 and says he sold it six months later for double that. If the bottom should fall out of the puer market, reasons Mr. Tam, "even if I cannot sell it, I'll drink it."

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