Laopu Gold - H

Resilient demand; likely no financial needs in the near term; attractive valuation; top pick

Overweight

6181.HK, 6181 HK

Price (28 Apr 26): HK$573.00

Price Target (Dec-26): HK$1,296.00

Laopu's share price has fallen 22% in Apr-to-date (vs. HSI/MSCI China +5%/+5%), due mainly to investors' worries about the retail sales trend amid gold price dynamics (down 14% vs. peak at end Jan) and potential placement. We remain positive on Laopu, given: 1) **the resilient demand** in the recent festive events; 2) the **low possibility of share placement** in the near term; and, 3) **channel upgrades**. We think the risk reward is attractive, with the current valuation (10.7x/8.7x 26E/27E P/E, Bloomberg consensus), and expect re-rating from here. We are confident in Laopu's 2026 (JPMe sales/earnings +58%/+71%), driven by: 1) strengthening brand equity; 2) new product pipelines; 3) channel upgrades & expansion; and 4) VIC management bearing fruit. We raise our 26-27E earnings estimates by 5-8% (given the resilient demand). Our DCF-based PT remains at HK$1,296, implying 19x 2027E P/E. We see Laopu as best positioned to benefit from experience-led growth with a systematic approach (disciplined store count, a direct to consumer model and differentiated service quality upheld by a highly selective/trained team). **Laopu is our top pick in the China consumer sector.**

- **Resilient demand amid gold price fluctuations.** Our recent channel checks in Shanghai (>one fifth offline sales) suggested resilient consumer demand during festival events (started on 25 Apr). Key findings: 1) solid traffic: 10-30min line-up (stronger than peers); 2) robust conversion rate: c30 orders per hour (>70% conversion rate); 3) further penetration into new customers: c50% were new customers; 4) shortage of popular SKUs, such as the new Rose Window Necklace with Pink Sapphire (launched in Mar). We also noticed Laopu's active initiatives to strengthen its sense of value to customers amid gold price dynamics, such as a lower threshold for gifts (e.g., 5g gold coin gifts for ticket size over Rmb250k currently, vs. Rmb500k prior). Laopu's resilient trend vs. peers, demonstrates its strengthening brand equity and leading position in the heritage gold market.
- **Low possibility of a capital raise, near-term.** We expect sufficient internal cash to support inventory preparation, near-term (calculations per Table 1). This should ease investors' concern on a share placement in the near term (to recap, Laopu placed new shares 2 times in 2025, one in mid-May for new store openings and one at end Oct mainly for inventory reserves for the upcoming peak season, in our view).
- **Channel upgrades**: We think Laopu is on track to upgrade channels to strengthen growth visibility in 2026: with 1) upgrades of 8-12 domestic stores (better locations and larger selling areas); and, 2) 4-6 new overseas stores (mainly in 2H26). Potential markets include Singapore, HK, Macau, Japan, Korea, Malaysia and Thailand.

China
Consumer

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Revenue - 26E (Rmb mn)	40,136	43,128	7.5%
Revenue - 27E (Rmb mn)	52,486	54,666	4.2%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	9	53	74	86	
Growth	3	1	2	58	
Momentum	27	12	1		
Quality	7	1	19		
Low Vol	99	98	99		

24 Mar 2026 Laopu: Strategic resilience amid current gold market volatility

23 Mar 2026 Laopu: First Take

8 Mar 2026 China Jewelry & Sportswear: Takeaways from luxury expert call: gold jewelry and sportswear shine YTD

26 Feb 2026 China Jewelry & Beauty: Spring Festival Gala as a catalyst: how traditional heritage is reshaping Chinese brands

26 Feb 2026 Laopu: Robust CNY

5 Feb 2026 Laopu: The pre-CNY consumption glint; positive in 2026; top pick

18 Jan 2026 Ch
Jewelry: 2026: S
Experience



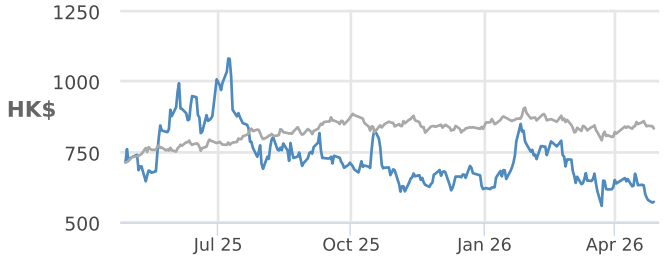
Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 8 for analyst certification and important disclosures, including non-US analyst disc

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Price Performance



	YTD	1m	3m	12m
Abs	-7.3%	-7.1%	-30.6%	-19.6%
Rel	-7.5%	-10.0%	-22.9%	-36.5%

Company Data

Shares O/S (mn)	172
52-week range (HK$)	1,108.00-540.00
Market cap ($ mn)	12,556
Exchange rate	7.84
Free float (%)	34.9%
3M ADV (mn)	1.26
3M ADV ($ mn)	108.1
Volatility (90 Day)	60
Index	HSI
BBG ANR (Buy | Hold | Sell)	31|1|1

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	27,303	43,128	54,666	68,981
Adj. EBITDA	6,889	11,516	14,893	19,007
Adj. EBIT	6,549	11,079	14,171	17,985
Adj. net income	4,868	8,320	10,679	13,585
Adj. EPS	28.25	48.28	61.97	78.84
BBG EPS	27.70	46.59	57.35	67.15
Cashflow from operations	(6,848)	6,306	8,539	7,015
FCFF	(6,887)	5,336	7,284	5,406
Margins and Growth				
Revenue Growth Y/Y (%)	221.0%	58.0%	26.8%	26.2%
Gross margin	37.6%	39.1%	39.2%	39.2%
EBITDA margin	25.2%	26.7%	27.2%	27.6%
EBIT margin	24.0%	25.7%	25.9%	26.1%
Adj. EPS growth	198.3%	70.9%	28.4%	27.2%
Ratios				
Adj. tax rate	23.7%	23.7%	23.7%	23.7%
Interest cover	49.5	78.1	96.3	117.3
Net debt/Equity	0.4	0.1	NM	NM
Net debt/EBITDA	0.7	0.2	NM	NM
ROCE	42.7%	40.7%	39.1%	37.8%
ROE	64.8%	59.4%	51.7%	46.6%
Valuation				
FCFF yield	(8.0%)	6.2%	8.5%	6.3%
Dividend yield	4.3%	2.9%	3.7%	4.8%
EV/Revenue	3.5	2.2	1.7	1.3
EV/EBITDA	14.1	8.2	6.1	4.7
Adj. P/E	17.7	10.3	8.1	6.3

Summary Investment Thesis and Valuation

Investment Thesis

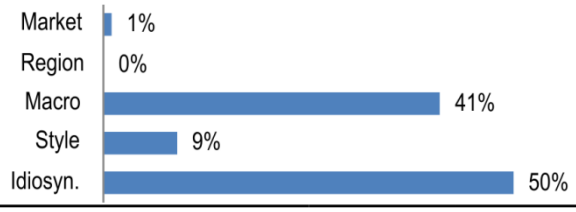
Founded in 2009, Laopu Gold is a niche China heritage gold brand and the only Chinese jewelry brand positioned in the luxury segment. While Laopu has only 45 boutiques (as of 2025), it has 85%+ sales exposure to tier 1/new tier 1 cities, the highest single-store sales and a pricing premium vs other Chinese local brands.

We expect Laopu to deliver a sales/NP CAGR of 36%/41% over 2025-28E, given: 1) a fast-growing China heritage gold segment; 2) store network expansion opportunities in both China and overseas; and 3) SSSG supported by enhanced brand equity, penetration based on innovation and a strong value proposition vs international brands, and an outstanding retail experience.

Valuation

Our DCF-based Dec-26 PT of HK$1,296 implies 19x 27E P/E. We derive our 9.4% WACC assuming a 4.3% risk-free rate, 7% risk premium, 11.7% cost of equity and terminal growth rate of 3.0%.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	-0.02	0.07
Region: China	-0.26	-0.03
Macro:		
JP Morgan GBI-EM Global Div	0.41	0.57
JPM EM Currency(EMCI) Fixing	0.17	0.36
Markit EM Composite PMI SA	0.20	0.18
Quant Styles:		
Value	0.19	0.31
DivYld	0.20	0.30
LowVol	0.24	0.30

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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Figure 1: Laopu Shanghai Yu Garden Boutique –traffic on 25 Feb



Source: J.P. Morgan, as of 25 Apr 2026.

Figure 2: Laopu Shanghai Yu Garden Boutique –traffic on 25 Feb



Source: J.P. Morgan, as of 25 Apr 2026.

Figure 3: The premium bread provided for customers waiting in line



Source: J.P. Morgan, as of 25 Apr 2026.

Figure 4: The new Rose Window Necklace with Pink Sapphire (launched in Mar) - currently out of stock



Source: J.P. Morgan, as of 25 Apr 2026.

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We expect sufficient internal cash to support inventory preparation in the near term, given 1) its cash balance (Rmb2.1bn) and inventory balance (Rmb16bn) as of 2025; 2) 1Q sales of Rmb16.5-17.5bn (per its preliminary outlook) indicated cRmb9bn inventory sold = cRmb7bn inventory balance as of 1Q; 3) 1Q being the quarter with highest sales contribution; 4) fewer store openings in 2026 (vs. 10 new stores in 2025) = less need of inventory for store display; 5) assuming refinancing of its short term debt (Rmb6.3bn as of 2025).

Table 1: Laopu's financing needs calculation

Rmb mn	1Q26E	2025A	1H26E
Revenue	17,000	27,303	21,564
yoy		221.0%	74.5%
No. of boutiques	45	45	45
Inventory	7,044	16,044	15,688
Cash balance	16,608	2,068	5,257
Cash needs for 2Q			
Sales projection for 2Q 2026 per JPMe should be less than 1Q	<17,000		
Corresponding inventory needed	<9,000		
Inventory preparation for store opening	500		
Total cash needed for 2Q	<9,500		
(Cash balance + Inventory balance) / total cash needed for 2Q, even without adding operating cash flow generated in 2Q	>249%		

Source: J.P. Morgan estimates.

Table 2: Laopu's promotional activities since Mar 2026

Boutiques	Promotion	Discounts	Period
Shanghai Yu Garden Boutique	Rmb100 discount for ever Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/4/25-2026/5/15
Nanjing IFC Boutique	Rmb100 discount for ever Rmb1,000 order; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/4/24-2026/5/15
Venetian Macao Boutique	Rmb100 discount for ever Rmb1,000 order; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/4/18-2026/5/5
Hong Kong Canton Road Boutique	Rmb100 discount for ever Rmb1,000 order; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/4/18-2026/5/5
Beijing Department Boutique	Rmb100 discount for ever Rmb1,000 order; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/4/17-2026/5/5
Shenzhen Bay MixC Boutique	Rmb50 discount for ever Rmb1,000 order; 15x shopping mall membersihp points; Rmb500 coupon for every Rmb50k order; Gifts (5g gold coin) for ticket size over Rmb500k;	c5% off	2026/4/24-2026/4/26
Hangzhou Tower Boutique	Rmb100 discount for ever Rmb1,000 order; 2x shopping mall membership points; Cash coupons for ticket sive over Rmb50k/300k/1mn; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/4/16-2026/4/19
Chengdu IFS Boutique	Rmb100 discount for ever Rmb1,000 order; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/4/13-2026/4/19
Zhengzhou David Plaza Boutique	Rmb50 discount for ever Rmb1,000 order; 5% off for ticket size over Rmb10k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/4/11-2026/4/18
Wuhan SKP Boutique	Rmb50 discount for ever Rmb1,000 order; Rmb50 coupon for every Rmb1,000 order; Gifts (5g gold coin) for ticket size over Rmb500k;	c10% off	2026/4/9-2026/4/19
Wuhan Wushang World Trade Plaza Boutique	Rmb100 discount for ever Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/4/9-2026/4/19
Shenzhen MixC Boutique	Rmb50 discount for ever Rmb1,000 order; 15x shopping mall membersihp points; Rmb1k coupon for every Rmb100k order; Gifts (5g gold coin) for ticket size over Rmb500k;	c5% off	2026/3/3-2026/3/15
Zhengzhou David Plaza Boutique	Rmb50 discount for ever Rmb1,000 order; 5% off for ticket size over Rmb10k;	c10% off	2026/3/1-2026/3/8

Source: Laopu official wecom, RedNote, as of 25 Apr 2026.

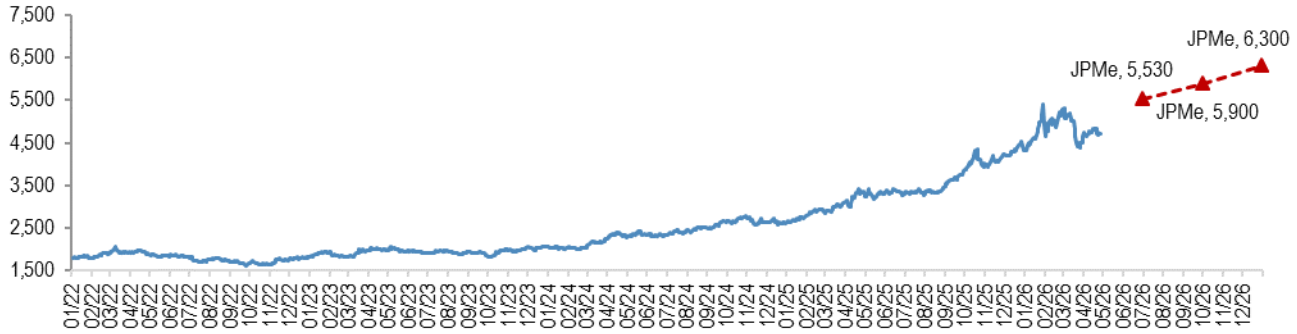
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Table 3: Gold price forecast by JPM global commodity team (USD/t oz)

Category	1Q25A	2Q25A	3Q25A	4Q25A	1Q26A	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025A	2026E	2027E
Gold	2,872	3,289	3,458	4,152	4,873	5,530	5,900	6,300	6,440	6,560	6,600	6,600	3,446	5,651	6,550
QoQ	*8.0%*	*14.5%*	*5.1%*	*20.1%*	17.4%	13.5%	6.7%	6.8%	2.2%	1.9%	0.6%	0.0%	*NA*	*NA*	*NA*
YoY	*38.5%*	*40.6%*	*39.5%*	*56.1%*	69.7%	68.1%	70.6%	51.7%	32.2%	18.6%	11.9%	4.8%	*44.3%*	64.0%	15.9%

Source: J.P. Morgan estimates, as of 6 Apr 2026.

Figure 5: Gold spot price trend since 2022 (USD/t oz)



Source: Bloomberg Finance L.P., J.P. Morgan estimates, as of 27 Apr 2026.

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Investment Thesis, Valuation and Risks

Laopu Gold Co., Ltd. - H *(Overweight; Price Target: HK$1,296.00)*

Investment Thesis

Founded in 2009, Laopu Gold is a niche China heritage gold brand and the only Chinese jewelry brand positioned in the luxury segment. While Laopu has only 45 boutiques (as of 2025), it has 85%+ sales exposure to tier 1/new tier 1 cities, the highest single-store sales and a pricing premium vs other Chinese local brands.

We expect Laopu to deliver a sales/NP CAGR of 36%/41% over 2025-28E, given: 1) a fast-growing China heritage gold segment; 2) store network expansion opportunities in both China and overseas; and 3) SSSG supported by enhanced brand equity, penetration based on innovation and a strong value proposition vs international brands, and an outstanding retail experience.

Valuation

Our DCF-based Dec-26 PT of HK$1,296 implies 19x 27E P/E. We derive our 9.4% WACC assuming a 4.3% risk-free rate, 7% risk premium, 11.7% cost of equity and terminal growth rate of 3.0%.

DCF valuation

Rmb in millions	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Sales	54,666	68,981	86,717	103,923	118,988	133,020	144,907	154,127	163,906
EBIT	14,171	17,985	22,740	27,407	31,559	35,480	38,868	41,572	44,456
Tax rate %	*24%*	*24%*	*24%*	*24%*	*24%*	*24%*	*24%*	*24%*	*24%*
NOPAT	10,806	13,714	17,340	20,899	24,065	27,055	29,638	31,700	33,899
D&A	722	1,022	1,359	1,734	2,119	2,495	2,851	3,173	3,464
W.C. change	-3,017	-7,754	-7,272	-7,830	-8,094	-10,162	-12,338	-14,496	-17,203
Capex	-1,373	-1,733	-2,178	-2,610	-2,989	-3,341	-3,640	-3,871	-4,117
as % of sales	*-2.5%*	*-2.5%*	*-2.5%*	*-2.5%*	*-2.5%*	*-2.5%*	*-2.5%*	*-2.5%*	*-2.5%*
FCFF	7,138	5,249	9,249	12,193	15,100	16,046	16,511	16,505	16,042
NPV of FCFF	76,081								
PV of terminal value	126,554								
Net debt	-2,444								
Minority	-								
Equity value	205,079								
# of shares O/S (millions)	172								
Value per share (Rmb)	**1,190**								
Value per share (HK$)	**1,296**								

Source: J.P. Morgan estimates.

Risks to Rating and Price Target

Downside risks to our rating and price target include: weaker-than-expected consumer sentiment; slower-than-expected same-store sales growth and channel expansion; competition; and product quality.

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Laopu Gold - H: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**8,506**	**27,303**	**43,128**	**54,666**	**68,981**
COGS	(5,004)	(17,029)	(26,252)	(33,252)	(41,959)
Gross profit	**3,501**	**10,274**	**16,876**	**21,415**	**27,022**
SG&A	(1,509)	(3,699)	(5,714)	(7,139)	(8,905)
Adj. EBITDA	**2,154**	**6,889**	**11,516**	**14,893**	**19,007**
D&A	(181)	(339)	(437)	(722)	(1,022)
Adj. EBIT	**1,973**	**6,549**	**11,079**	**14,171**	**17,985**
Net Interest	(30)	(139)	(147)	(155)	(162)
Adj. PBT	**1,947**	**6,384**	**10,911**	**14,005**	**17,816**
Tax	(473)	(1,516)	(2,591)	(3,326)	(4,231)
Minority Interest	0	0	0	0	0
Adj. Net Income	**1,473**	**4,868**	**8,320**	**10,679**	**13,585**
Reported EPS	9.47	28.25	48.28	61.97	78.84
Adj. EPS	**9.47**	**28.25**	**48.28**	**61.97**	**78.84**
DPS	**6.35**	**21.54**	**14.53**	**18.66**	**23.73**
Payout ratio	67.0%	76.3%	30.1%	30.1%	30.1%
Shares outstanding	156	172	172	172	172

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	733	2,068	4,863	8,859	10,092
Accounts receivable	801	1,280	4,691	2,878	6,672
Inventories	4,088	16,044	14,997	20,532	24,301
Other current assets	212	1,157	1,157	1,157	1,157
Current assets	**5,833**	**20,549**	**25,707**	**33,425**	**42,221**
PP&E	113	175	562	955	1,380
LT investments	-	-	-	-	-
Other non current assets	391	528	788	1,046	1,332
Total assets	**6,337**	**21,253**	**27,057**	**35,426**	**44,933**
Short term borrowings	1,373	6,164	6,164	6,164	6,164
Payables	228	636	401	1,106	915
Other short term liabilities	647	3,080	3,202	3,310	3,417
Current liabilities	**2,249**	**9,880**	**9,768**	**10,580**	**10,497**
Long-term debt	0	100	100	100	100
Other long term liabilities	168	177	270	351	432
Total liabilities	**2,416**	**10,157**	**10,137**	**11,031**	**11,028**
Shareholders' equity	3,920	11,095	16,919	24,395	33,904
Minority interests	0	0	0	0	0
Total liabilities & equity	**6,337**	**21,253**	**27,057**	**35,426**	**44,933**
BVPS	**25.20**	**64.61**	**98.52**	**142.05**	**197.42**
Net debt/(cash)	957	4,597	2,017	(1,791)	(2,835)

Sector Specific items	FY24A	FY25A	FY26E	FY27E	FY28E
Same Store Sales Growth	120.9%	160.6%	-	-	-
Store Count	36	45	49	54	57
Sales per Store	-	-	-	-	-
Total Square Footage	-	-	-	-	-
Sales per sq foot	-	-	-	-	-

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**(1,228)**	**(6,848)**	**6,306**	**8,539**	**7,015**
o/w Depreciation & amortization	181	339	437	722	1,022
o/w Changes in working capital	(3,038)	(12,552)	(2,598)	(3,017)	(7,754)
Cash flow from investing activities	**(71)**	**(145)**	**(1,083)**	**(1,373)**	**(1,733)**
o/w Capital expenditure	(71)	(145)	(1,083)	(1,373)	(1,733)
as % of sales	*0.8%*	*0.5%*	*2.5%*	*2.5%*	*2.5%*
Cash flow from financing activities	**1,960**	**8,211**	**(2,429)**	**(3,170)**	**(4,049)**
o/w Dividends paid	0	(1,096)	(2,496)	(3,204)	(4,076)
o/w Shares issued/(repurchased)	951	4,978	0	0	0
o/w Net debt issued/(repaid)	1,256	4,893	0	0	0
Net change in cash	**663**	**1,185**	**2,794**	**3,996**	**1,233**
Adj. Free cash flow to firm	**(1,276)**	**(6,887)**	**5,336**	**7,284**	**5,406**
y/y Growth	*1607.8%*	*439.6%*	*(177.5%)*	*36.5%*	*(25.8%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	41.2%	37.6%	39.1%	39.2%	39.2%
EBITDA margin	25.3%	25.2%	26.7%	27.2%	27.6%
EBIT margin	23.2%	24.0%	25.7%	25.9%	26.1%
Net profit margin	17.3%	17.8%	19.3%	19.5%	19.7%
ROE	54.2%	64.8%	59.4%	51.7%	46.6%
ROA	34.7%	35.3%	34.4%	34.2%	33.8%
ROCE	39.7%	42.7%	40.7%	39.1%	37.8%
SG&A/Sales	17.7%	13.5%	13.2%	13.1%	12.9%
Net debt/Equity	0.2	0.4	0.1	NM	NM
Net debt/EBITDA	0.4	0.7	0.2	NM	NM
Sales/Assets (x)	2.0	2.0	1.8	1.7	1.7
Assets/Equity	156.3%	183.7%	172.4%	151.2%	137.8%
Interest cover (x)	70.8	49.5	78.1	96.3	117.3
Operating leverage	145.4%	104.9%	119.3%	104.3%	102.8%
Tax rate	24.3%	23.7%	23.7%	23.7%	23.7%
Revenue y/y Growth	167.5%	221.0%	58.0%	26.8%	26.2%
EBITDA y/y Growth	210.4%	219.7%	67.2%	29.3%	27.6%
EPS y/y Growth	212.6%	198.3%	70.9%	28.4%	27.2%
BVPS y/y Growth	128.6%	156.3%	52.5%	44.2%	39.0%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	52.7	17.7	10.3	8.1	6.3
P/BV (x)	19.8	7.7	5.1	3.5	2.5
P/Sales (x)	9.1	3.2	2.0	1.6	1.2
EV/EBITDA (x)	43.3	14.1	8.2	6.1	4.7
Dividend Yield	1.3%	4.3%	2.9%	3.7%	4.8%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which