Laopu Gold - H

Premium gold, not luxury; downgrade to Neutral

▼ Neutral
Previous: Overweight

6181.HK, 6181 HK
Price (30 Oct 26): HK$274.00

▼ Price Target (Dec-27): HK$296.00
Prior (Dec-26): HK$891.00

We downgrade Laopu to Neutral as recent trading challenges our previous assumption that its premium heritage gold positioning could increasingly insulate demand from gold-price volatility and support a luxury-like valuation. We now expect 3Q/4Q offline SSS to decline c.20-25% YoY, with net profit of c.Rmb0.65bn/Rmb1.3bn, taking our 2H26 revenue/earnings forecasts to 26%/23% declines, 14%/13% below consensus. For 2027E, we rebuild earnings from a normalized post-boom store-productivity base and forecast revenue/earnings declines of 20%/31%, 27%/37% below consensus; our bull/bear cases imply 2027E net profit declines of c.24%/37% YoY (Table 1). We reset our valuation from 18x 2027E to 9.5x 2028E P/E, lowering our Dec-27 PT to HK$296 from HK$891. With the stock now trading at c.10x/9x 2027/28E P/E, broadly around sector levels, we believe the earnings and valuation reset leaves risk/reward more balanced. Downgrade to Neutral.

- **Why now? 3Q provided the evidence that 2Q did not.** We initially viewed the sharp 2Q slowdown as an early warning rather than a thesis change, given the sudden gold-price correction and significant purchase pull-forward ahead of Laopu's 1Q price increase. We expected deferred demand to recover more smoothly once gold prices stabilized and promotions became more flexible. Instead, the 3Q recovery remained uneven: Aug improved from Jul, but Sep softened again as gold prices declined, despite broader promotions, stackable discounts and effective discounts of up to 20% off on selected products. The key change, in our view, is that consumer purchases remain materially more sensitive to gold-price expectations than we assumed. Laopu's c.40% GPM and premium-mall productivity still support a differentiated brand premium, but the business sits between traditional gold jewelry and luxury rather than being fully insulated from gold-price cycles. Mgmt's decision not to provide the previously anticipated 3Q trading update also reduces near-term visibility.

- **Reset earnings and valuation**: We view 2027E less as a fresh deterioration from current trading levels and more as the first full-year annualization of a normalized run-rate after the unusually elevated 2025-1Q26 base. The headline revenue/earnings declines therefore mainly reflect the loss of a supernormal base, rather than a new demand cliff from here. We build 2027E bottom-up using 2H26 as the best available post-boom productivity reference. Our base case assumes c.5% store productivity improvement vs 2H26, or mid-20s% SSS declines yoy, with GPM maintained at c.40% and NPM at c.17.4%. We forecast 2028E sales/earnings growth of c8%/9% from this normalized base. Importantly, the reset is not only in earnings: our target multiple falls from 18x to 9.5x, slightly above the traditional jewelry sector's c9x, reflecting Laopu's superior brand economics but weaker earnings visibility and continued gold sensitivity. We stop at Neutral rather than UW because our forecasts are already well below consensus and the stock has de-rated substantially towards sector valuation. Further downside would require 2H sales/NP to fall below our assumptions and/or the c.40% GPM to prove unsustainable; while a sustained beat in SSS without deeper discounting would be the clearest trigger to revisit an OW rating. Dividend may provide additional support at a HSD% yield.

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Revenue - 27E (Rmb mn)	34,026	24,825	-27.0%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	2	50	59	87	
Growth	5	1	1	57	
Momentum	90	32	1		
Quality	7	2	9	42	
Low Vol	98	98	99		

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

See page 13 for analyst certification and important disclosures, including non-US analyst disclosures.

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Price Performance



	YTD	1m	3m	12m
Abs	-55.7%	-17.9%	-7.1%	-60.2%
Rel	-45.3%	-11.2%	4.1%	-47.6%

Company Data

Shares O/S (mn)	172
52-week range (HK$)	898.00-265.20
Market cap ($ mn)	5,998
Exchange rate	7.85
Free float (%)	34.6%
3M ADV (mn)	1.22
3M ADV ($ mn)	54.8
Volatility (90 Day)	78
Index	HSI
BBG ANR (Buy | Hold | Sell)	32|2|2

Key Metrics (FYE Dec)

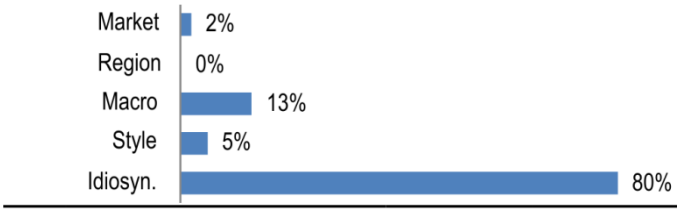
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	27,303	30,924	24,825	26,725
Adj. EBITDA	6,889	8,780	6,337	6,875
Adj. EBIT	6,549	8,402	5,849	6,337
Adj. net income	4,868	6,263	4,323	4,694
Adj. EPS	28.25	36.35	25.09	27.24
BBG EPS	27.70	37.56	39.45	44.30
Cashflow from operations	(6,848)	8,805	4,755	5,563
FCFF	(6,887)	8,162	4,265	5,025
Margins and Growth				
Revenue Growth Y/Y (%)	221.0%	13.3%	(19.7%)	7.7%
Gross margin	37.6%	40.9%	40.0%	40.0%
EBITDA margin	25.2%	28.4%	25.5%	25.7%
EBIT margin	24.0%	27.2%	23.6%	23.7%
Adj. EPS growth	198.3%	28.7%	(31.0%)	8.6%
Ratios				
Adj. tax rate	23.7%	23.7%	23.7%	23.7%
Interest cover	49.5	49.9	36.2	39.3
Net debt/Equity	0.4	0.1	0.1	NM
Net debt/EBITDA	0.7	0.2	0.1	NM
ROCE	42.7%	34.5%	22.4%	22.9%
ROE	64.8%	52.7%	32.7%	32.8%
Valuation				
FCFF yield	(17.2%)	20.4%	10.6%	12.5%
Dividend yield	9.3%	11.8%	8.1%	8.8%
EV/Revenue	1.8	1.5	1.8	1.7
EV/EBITDA	7.2	5.3	7.2	6.4
Adj. P/E	8.2	6.4	9.3	8.5

Summary Investment Thesis and Valuation

Recent trading challenges our previous assumption that Laopu's premium heritage gold positioning could increasingly insulate demand from gold-price volatility and support a luxury-like valuation. We expect 2H26 revenue/earnings to decline 26%/23% yoy. For 2027E, we rebuild earnings from a normalized post-boom store-productivity base and forecast revenue/earnings declines of 20%/31%, respectively. With the stock now trading at c.10x/9x 2027/28E P/E, broadly around sector levels, we believe the earnings and valuation reset leaves risk/reward more balanced. We have a Neutral rating on the shares.

Our Dec-27 PT of HK$296 is based on 9.5x 2028E P/E, vs the China jewelry sector average of c9x (based on Bloomberg consensus). We set our valuation assumption at a premium to the sector given Laopu's superior brand economics.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.44	0.24
Region: China	0.37	0.01
Macro:		
JP Morgan GBI-EM Global Div	-0.01	0.21
JP Morgan EMBI Global Spread	-0.33	-0.19
JPM EM Currency(EMCI) Fixing	0.07	0.18
Quant Styles:		
Value	0.17	0.21
Growth	-0.06	-0.19
DivYld	0.12	0.18

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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2027E scenario analysis

We conduct scenario analysis to discuss the impact of better-than-expected (or worse-than-expected) store productivity, online momentum, gross margin resilience and operating leverage. Our base case assumes c.5% store productivity improvement vs 2H26, to reflect normalized store productivity, together with store optimization, with GPM maintained at c.40% and NPM at c.17.4%.

In our bull case scenario, we assume better-than-expected boutique productivity (10% improvement vs 2H26) and online momentum, with more resilient gross margin and operating leverage; and vice versa in the bear case scenario (boutique productivity flat vs 2H26).

Table 1: 2027E Scenario analysis

Rmb mn	2025 Actual	1H26 Actual	2H26E JPMe	2026E JPMe	2027E Bear case	2027E Base case	2027E Bull case
Sales	**27,303**	**19,808**	**11,116**	**30,924**	**23,633**	**24,825**	**26,017**
Sales YoY	*221.0%*	*60.3%*	*-25.6%*	*13.3%*	*-23.6%*	*-19.7%*	*-15.9%*
Sales from boutiques	22,646	15,409	8,996	24,404	19,604	22,771	24,404
SSSG	*160.6%*	*60.0%*	*-20~25%*	*20.0%*	*-high-20s%*	*-mid-20s%*	*-low-20s%*
Mainland China	18,704	12,091	6,185	18,277	12,859	13,502	18,277
Sales per boutiques	*534*	*318*	*163*	*481*	*326*	*342*	*358*
Assumption	*na*	*na*	*na*	*na*	*=2H26*2*	*=2H26*2*(1+5%)*	*=2H26*2*(1+10%)*
Sales per boutiques YoY	*143.1%*	*18.4%*	*-37.0%*	*-10.0%*	*-32.3%*	*-28.9%*	*-25.5%*
HK, Macau and other markets	3,942	3,317	2,810	6,128	6,745	7,082	6,128
Sales per boutiques	*717*	*415*	*281*	*681*	*562*	*590*	*618*
Assumption	*na*	*na*	*na*	*na*	*=2H26*2*	*=2H26*2*(1+5%)*	*=2H26*2*(1+10%)*
Sales per boutiques YoY	*151.5%*	*16.9%*	*-28.1%*	*-5.0%*	*-17.4%*	*-13.3%*	*-9.2%*
Online sales	4,657	4,400	2,120	6,520	4,029	4,241	4,453
Assumption	*na*	*na*	*na*	*na*	*=2H26*2*(1-5%)*	*=2H26*2*	*=2H26*2*(1+5%)*
Online sales growth	*341.3%*	*171.9%*	*-30.2%*	*40.0%*	*-38.2%*	*-35.0%*	*-31.7%*
Gross Margin	**37.6%**	**41.3%**	**40.4%**	**40.9%**	**39.6%**	**40.0%**	**40.6%**
GPM YoY	*-3.5%*	*3.2%*	*3.1%*	*3.3%*	*-1.3%*	*-0.9%*	*-0.3%*
Net profit	**4,868**	**4,267**	**1,996**	**6,263**	**3,947**	**4,323**	**4,755**
NP growth	*230.5%*	*88.2%*	*-23.2%*	*28.7%*	*-37.0%*	*-31.0%*	*-24.1%*
Net margin	17.8%	21.5%	18.0%	20.3%	16.7%	17.4%	18.3%
Net margin YoY	*0.5%*	*3.2%*	*0.6%*	*2.4%*	-3.6%	-2.8%	-2.0%

Source: Laopu, Financial Reports, 2024-1H26, J.P. Morgan estimates, as of 29 Oct 2026.

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China jewelry – operating metric comparison

Table 2: China jewelry – operating metric comparison

	1Q26	2Q26	3Q26	1H26	2H26E	2023	2024	2025	2026E	2027E
NBS overall retail sales	2%	0%	1%	1%	na	7%	3%	4%	na	na
Gold & Jewelry	13%	-11%	-13%	2%	na	13%	-3%	13%	na	na
RSV YoY										
Chow Tai Fook	-2%	15%	-1%	7%	+HSD	17%	-15%	1%	+MSD	+MSD
Laopu	112%	-32%	-25%	60%	-26%	146%	168%	221%	13%	-20%
Lao Feng Xiang	-mid-teens	-50~60%	-mid-teens	-mid-30s	-mid-teens	HSD	-high-teens	-LSD	-30%	+LSD
SSSG YoY										
Chow Tai Fook	0%	20%	2%	10%	+low-teens	2%	-19%	7%	10%	5%
Laopu	80%	-45~50%	-20~25%	35%	-20~25%	115%	121%	161%	20%	-mid-20s
Lao Feng Xiang	-15%	-57%	-mid-teens	-35%	-mid-teens	8%	-17%	-1%	-30%	+LSD
Revenue YoY										
Chow Tai Fook	na	na	na	10%	+MSD	15%	-18%	5%	5%	3%
Laopu	112%	-32%	-25%	60%	-26%	146%	168%	221%	13%	-20%
Lao Feng Xiang	-22%	-61%	-mid-teens	-40%	-16%	13%	-20%	-7%	-31%	1%
Earnings YoY										
Chow Tai Fook	na	na	na	91%	c20%	21%	-9%	52%	20%	7%
Laopu	163%	-31%	-20~25%	88%	-23%	340%	254%	230%	29%	-31%
Lao Feng Xiang	47%	-69%	-20%	-41%	-23%	30%	-12%	-10%	-36%	5%
Share price										
Chow Tai Fook	-12%	0%	1%	-12%	0%	-27%	-42%	84%	-13%	na
Laopu	1%	-45%	-4%	-44%	-20%	na	245%	156%	-55%	na
Lao Feng Xiang	-7%	-23%	-2%	-28%	2%	61%	-21%	-18%	-26%	na

Source: Respective companies' 2023-3Q26 financial reports; J.P. Morgan estimates; Bloomberg Finance L.P., as of 29 Oct 2026. Note: red text = actual/reported; blue text = JPMe.

Initiatives take time and investment

We continue to see Laopu as the leading premium heritage gold franchise, supported by strong brand awareness, high store productivity and a premium customer base. The company is progressing with boutique optimization, including larger stores and better locations in key premium malls, while continuing to build a more systematic very important client (VIC) platform through mall partnerships, exclusive events, dedicated VIC managers and VIC-specific products. Overseas expansion is also becoming more proactive, with a measured rollout in Southeast Asia followed by potential entry into the US and Europe over the medium term. These initiatives should support longer-term brand equity and growth, but their earnings contribution is likely to be back-end loaded, while higher A&P, store upgrades and overseas investment are more immediate. Competition within premium heritage gold is also broadening, with smaller players expanding and new entrants increasing consumer choice, while discount discipline across parts of the segment has become more flexible. Against this backdrop, we no longer think the near-term earnings visibility warrants the premium valuation we previously assigned to Laopu.

Shareholder returns

- **Dividends:** Laopu maintained rather generous dividends with its dividend policy of c50% of retained earnings. In 2024-1H26, Laopu's payout ratio remained at an elevated level of c73-78%. We expect Laopu's payout ratio to stay at c75% levels in 2027-2028E, leading to an 8-9% dividend yield. This compares to consensus estimates of 12-13%, mainly due to our below-consensus earnings estimates.
- **Buyback:** Share buybacks remain unlikely, in our view, given: 1) complicated and time-consuming procedures for capital going outbound; and 2) Laopu's capital allocation priority for working capital and dividends.

Upside and downside risks

- **Upside risks:** 1) Laopu voluntarily provides a 3Q trading update despite market uncertainty over whether it will disclose, which we would view as a positive signal on transparency and investor communication; 2) 3Q earnings come in better than our c.Rmb0.65bn estimates, or 4Q trading shows a more durable sequential recovery; 3) a more stable gold-price environment improves consumer confidence and purchase conversion, allowing Laopu to reduce promotional intensity while maintaining traffic; and 4) boutique optimization, VIC initiatives and overseas expansion contribute faster than expected, supporting a quicker return to sustainable growth and potentially restoring a valuation premium.
- **Downside risks:** 1) 3Q/4Q trading deteriorates further than our expectations, suggesting that current weakness is more than a normalization from an elevated base; 2) continued gold-price volatility further delays discretionary purchases and increases the need for promotions, putting additional pressure on gross margin and brand pricing discipline; 3) intensifying competition in premium Heritage Gold leads to weaker traffic, lower customer conversion or higher customer-acquisition and A&P costs; and 4) boutique upgrades and overseas expansion require more upfront investment than expected, while the revenue contribution takes longer to materialize, further delaying the earnings recovery. A lack of 3Q disclosure could also weigh on near-term sentiment by reinforcing concerns around earnings visibility, although we would not interpret disclosure timing alone as evidence of underlying fundamentals.

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Estimate changes

We forecast 2H26E revenue/earnings to decline 26/23% yoy, with 3Q offline SSS to decline 20-25% YoY and earnings of c.Rmb0.65bn, followed by a similarly lukewarm SSS trend in 4Q and implied earnings of c.Rmb1.3bn.

We now model 2027E revenue/earnings to decline 20%/31% YoY, largely reflecting from a normalized post-boom store-productivity base. We expect growth to resume from this normalized base in 2028E, with revenue/earnings +8%/+9%.

Table 3: JPM estimates change

	Current			Prior			Diff.		
Rmb mn	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	30,924	24,825	26,725	31,154	34,026	38,586	-0.7%	-27.0%	-30.7%
EBIT	8,402	5,849	6,337	8,464	9,494	11,017	-0.7%	-38.4%	-42.5%
Net income	6,263	4,323	4,694	6,311	7,089	8,262	-0.7%	-39.0%	-43.2%
EPS (Rmb)	36.35	25.09	27.24	36.62	41.14	47.95	-0.7%	-39.0%	-43.2%
GPM	40.9%	40.0%	40.0%	40.9%	40.9%	41.2%	0.0%	-0.9%	-1.2%
EBIT margin	27.2%	23.6%	23.7%	27.2%	27.9%	28.6%	0.0%	-4.3%	-4.8%
Net Margin	20.3%	17.4%	17.6%	20.3%	20.8%	21.4%	0.0%	-3.4%	-3.9%

Source: J.P. Morgan estimates, as of 29 Oct 2026.

Table 4: JPM estimates vs consensus

	JPMe			Consensus			Diff.		
Rmb mn	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	30,924	24,825	26,725	32,944	35,312	39,379	-6.1%	-29.7%	-32.1%
EBIT	8,402	5,849	6,337	8,890	9,283	10,429	-5.5%	-37.0%	-39.2%
Net income	6,263	4,323	4,694	6,592	6,989	7,801	-5.0%	-38.1%	-39.8%
EPS (Rmb)	36.35	25.09	27.24	37.56	39.45	44.30	-3.2%	-36.4%	-38.5%
GPM	40.9%	40.0%	40.0%	41.1%	40.9%	41.1%	-0.2%	-0.9%	-1.1%
EBIT margin	27.2%	23.6%	23.7%	27.0%	26.3%	26.5%	0.2%	-2.7%	-2.8%
Net Margin	20.3%	17.4%	17.6%	20.0%	19.8%	19.8%	0.2%	-2.4%	-2.2%

Source: J.P. Morgan estimates, Bloomberg Finance L.P., as of 29 Oct 2026.

Table 5: Laopu's promotion activities since July 2026

Boutiques	Promotion	Discounts	Period
Shanghai Grand Gateway 66 Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/10/24- 2026/10/25
Zhengzhou David Plaza Boutique	Rmb50 discount for every Rmb1,000 order; Rmb500 coupon discount for every Rmb30k order; Gifts for ticket size over certain amounts;	c12% off	2026/10/17- 2026/10/24
Beijing Gongmei Emporium Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/10/1-2026/10/11
Shanghai Yu Garden Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k;	c10% off	2026/9/30-2026/10/11
Shanghai Xintiandi Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k;	c10% off	2026/9/30-2026/10/11
Shanghai IFC Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k;	c10% off	2026/9/30-2026/10/11
Shanghai Grand Gateway 66 Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/9/25-2026/10/11
Shanghai Plaza 66 Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/9/25-2026/10/11

Hangzhou MixC Boutique	Rmb50 discount for every Rmb1,000 order; Rmb1k coupon discount for every Rmb100k order; 15x shopping membership points; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/9/25-2026/9/27; 2026/10/1
Tianjin MixC Boutique	Rmb50 discount for every Rmb1,000 order; Rmb500 coupon discount for every Rmb50k order; 15x shopping membership points; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/9/21-2026/9/27
Venetian Macao Boutique	Mop100 discount for every Mop1,000 order; Gifts (5g gold coin) for ticket size over Mop250k;	c10% off	2026/9/19 - 2026/10/7
Hong Kong IFC Boutique	HKD100 discount for every HKD1,000 order; Gifts (5g gold coin) for ticket size over HKD250k;	c10% off	2026/9/19 - 2026/10/7
Hong Kong Canton Road Boutique	HKD100 discount for every HKD1,000 order; Gifts (5g gold coin) for ticket size over HKD250k;	c10% off	2026/9/19 - 2026/10/7
Guangzhou TaiKoo Hui Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k;	c10% off	2026/9/19 - 2026/10/7
Wuhan Wushang World Trade Plaza Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/9/19 - 2026/10/7
Beijing WF Central Boutique	Rmb100 discount for every Rmb1,000 order; 10x shopping mall membership points; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/9/19 - 2026/9/27
Shenzhen MixC Boutique	Rmb100 discount for every Rmb1,000 order; Rmb500 discount for ticket size over Rmb50k; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/9/18-2026/9/20; 2026/9/25-2026/9/27
Shenzhen MixC World Boutique	Rmb100 discount for every Rmb1,000 order; Rmb500 discount for ticket size over Rmb50k; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/9/18-2026/9/20; 2026/9/25-2026/9/27
Chengdu IFS Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/9/12-2026/9/27
Nanjing Deji Plaza Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/9/11-2026/9/27
Hangzhou Tower Boutique	Rmb100 discount for every Rmb1,000 order; Rmb500 discount for ticket size over Rmb50k 2x shopping mall membership points; Gifts for ticket size over Rmb30k/50k/80k;	c11% off	2026/9/11-2026/9/13
Shanghai Yu Garden Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k;	c10% off	2026/8/22-2026/8/31
Hangzhou Tower Boutique	Rmb100 discount for every Rmb1,000 order; Rmb500 discount for ticket size over Rmb50k 2x shopping mall membership points; Gifts for ticket size over Rmb30k/50k/80k;	c11% off	2026/8/15-2026/8/23
Shanghai Plaza 66 Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k;	c10% off	2026/8/15-2026/8/23
Shanghai Grand Gateway 66 Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k;	c10% off	2026/8/15-2026/8/23
Shenzhen MixC Boutique	Rmb100 discount for every Rmb1,000 order; Rmb500 discount for ticket size over Rmb50k; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/8/14-2026/8/23
Shanghai IFC Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb250k	c10% off	2026/8/8-2026/8/23
Zhengzhou David Plaza Boutique	Rmb100 discount for every Rmb1,000 order; Rmb3k discount for ticket size over Rmb100k Gifts for ticket size over Rmb30k/50k/80k;	c13% off	2026/8/8-2026/8/23
Guangzhou TaiKoo Hui Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb200k;	c10% off	2026/8/1 - 2026/8/23
Hong Kong IFC Boutique	HKD100 discount for every HKD1,000 order; Gifts (5g gold coin) for ticket size over HKD250k;	c10% off	2026/8/1 - 2026/8/23
Hong Kong Harbour City Bouqiue	HKD100 discount for every HKD1,000 order;	c10% off	2026/8/1 - 2026/8/23

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	Gifts (5g gold coin) for ticket size over HKD250k;		
Venetian Macao Boutique	Mop100 discount for every Mop1,000 order; Gifts (5g gold coin) for ticket size over Mop250k;	c10% off	2026/8/1 - 2026/8/23
Venetian Parisian	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb200k;	c10% off	2026/8/1 - 2026/8/23
Beijing SKP Boutique	Rmb50 discount for every Rmb1,000 order; 10x shopping membership points;	c15% off	2026/8/6 - 2026/8/19
Wuhan SKP Boutique	Rmb50 discount for every Rmb1,000 order; 10x shopping membership points;	c15% off	2026/8/6 - 2026/8/19
Chengdu SKP Boutique	Rmb50 discount for every Rmb1,000 order; 10x shopping membership points;	c15% off	2026/8/6 - 2026/8/19
Xi'an SKP Boutique	Rmb50 discount for every Rmb1,000 order; 10x shopping membership points;	c15% off	2026/8/6 - 2026/8/19
Hangzhou MixC Boutique	Rmb50 discount for every Rmb1,000 order; 15x shopping membership points; Gifts for ticket size over Rmb30k/50k/80k;	c10% off	2026/7/25-2026/7/26;
Shanghai Xintiandi Boutique	Rmb100 discount for every Rmb1,000 order; Gifts for ticket size over Rmb30k/50k/80k; Gifts (5g gold coin) for ticket size over Rmb200k;	c10% off	2026/7/4-2026/7/12;

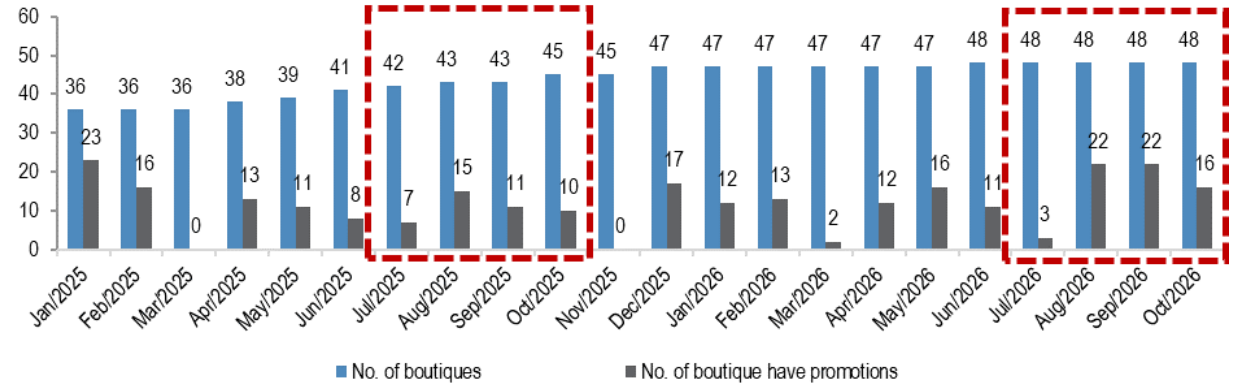
Source: Laopu official wecom, RedNote, as of 27 Oct 2026.

Table 6: Promotion mechanism changes

	Prior	Current	Time of change
Promotions	Rmb100 discount for every Rmb1,000 order;	Rmb100 discount for every Rmb1,000 order;	unchanged
Premium membership discount	5% discount, non-stackable	5% discount, stackable	Jul-26
Iteration products discount	None	Extra 5% discount, stackable	Jul-26
Gifts with purchase (jewelry box/chocolate/others) mechanism	Ticket size over Rmb100k	Ticket size over Rmb30k/50k/80k	Apr-26
Gifts with purchase (5g gold coin) mechanism	Ticket size over Rmb500k	Ticket size over Rmb250k	Apr-26

Source: Laopu official wecom, as of 23 Oct 2026. Note: time of change was based on our observations.

Figure 1: Laopu's boutique count and no. of boutiques with promotions



Source: Laopu official wecom, as of 27 Oct 2026.

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Table 7: Store counts of selective gold jewelry brands in China

Category	Brand	Latest store counts	New openings in 2026	Pricing of fixed-price products (Rmb/g, post discount)
Independent Heritage gold brand	Laopu Gold 老铺黄金	44	1 (1 more under construction)	1,800 - 2,900
Independent Heritage gold brand	Jemper 君佩	16	5	2,400 - 4,200
Independent Heritage gold brand	Moneta 墨涅塔	13	2	2,000 – 3,500
Independent Heritage gold brand	Bao Wang Fu 宝王府	9	2	1,900 – 3,000
Independent Heritage gold brand	Duo Bao Pavilion 多宝阁	5	3	2,200 - 3,300
Independent Heritage gold brand	Jinlux 京匠黄金	7	5	2,100 – 4,500
Independent Heritage gold brand	Borland 宝兰	5	2	2,200 – 2,800
Independent Heritage gold brand	Yu Tai Gold 御泰黄金	4	2	1,800 – 2,800
Independent Heritage gold brand	Vinbo 文博金	4	3	2,000 – 2,800
Independent Heritage gold brand	Gong Xi Huang Hou 宫囍黄逅	4	0	2,000 – 2,800
Independent Heritage gold brand	Lamchiu 琳朝	2	1	2,400 – 2,600
Independent Heritage gold brand	Feeling 凤翎	1	1	2,000 – 3,000
Independent Heritage gold brand	Guanlan 官兰	1	1	1,200 – 1,800
Independent Heritage gold brand	Dunhuang Gold 敦煌金	1	1	1,500 – 1,700
Heritage gold brand under traditional jewelry brand	Heirloom Fortune owned by Luk Fook 六福旗下福满传家	133	Net closure of 22	1,800 – 2,900
Heritage gold brand under traditional jewelry brand	Cang Bao Gold owned by LFX 老凤祥旗下藏宝金	122	Net closure of 3	1,300 – 2,400
Heritage gold brand under traditional jewelry brand	National Treasure Gold owned by CTS 周大生旗下国家宝藏	c100	c15 new openings	1,400 – 2,800
Heritage gold brand under traditional jewelry brand	Jin Xuu owned by China Gold 中国黄金旗下金叙	5	5	1,800 – 3,000
Heritage gold brand under traditional jewelry brand	Crafts Pavilion owned by CHJ 潮宏基旗下非遗工艺馆	4	4	1,800 – 2,800
Heritage gold brand under traditional jewelry brand	Palace Gold owned by DR Group 迪阿股份旗下宫廷质造	0	1 under construction	NA
Heritage gold brand under traditional jewelry brand	Heritage Gold Theme owned by Qeelin 麒麟旗下古法黄金主题店	0	1 under construction	NA
Traditional gold brand	Lao Feng Xiang 老凤祥	4,910	Net closure of 439	1,300 – 2,000
Traditional gold brand	Chow Tai Fook 周大福	4,901	Net closure of 623	2,000 – 3,000
Traditional gold brand	Chao Tai Seng 周大生	4,006	Net closure of 473	1,400 – 2,000
Traditional gold brand	Lao Miao 老庙 (incl. First Asia 亚一)	3,476	Net closure of 476	1,500 – 1,900
Traditional gold brand	China Gold 中国黄金	2,987	Net closure of 324	1,200 – 1,500
Traditional gold brand	Luk Fook 六福	2,730	Net closure of 295	1,800 – 2,000
Traditional gold brand	CHJ 潮宏基	1,682	Net opening of 12	1,700 – 2,000
Traditional gold brand	Chow Sang Sang 周生生	700	Net closure of 88	1,200 – 2,800
Traditional gold brand	Emperor 英皇珠宝	64	Net opening of 7	1,900 – 2,500

Source: respective brands' official website, respective listed companies' announcements, Tmall, as of 28 Oct 2026.
Note: store count covers mainland China + Hong Kong & Macau; pricing based on online channel checks.

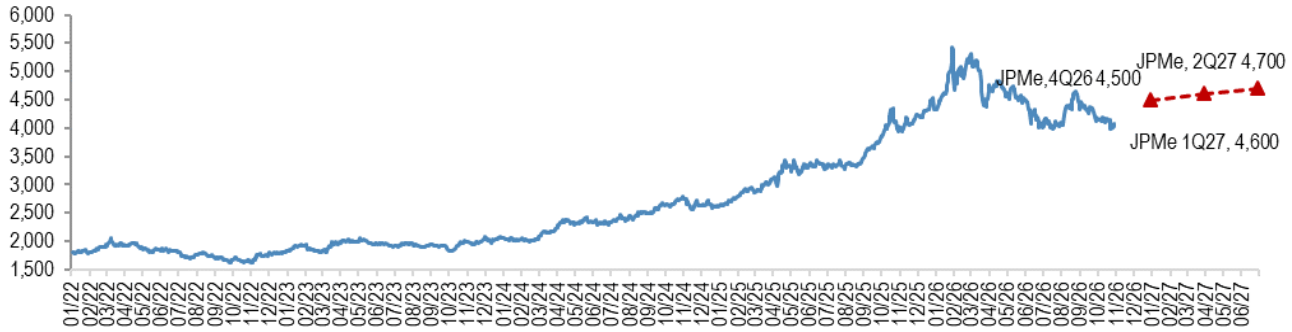
Table 8: Gold price forecast by JPM global commodity team (USD/t oz)

Category	1Q25A	2Q25A	3Q25A	4Q25A	1Q26A	2Q26A	3Q26A	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	2025A	2026E	2027E
Gold	2,872	3,289	3,458	4,152	4,873	4,508	4,263	4,500	4,600	4,700	4,800	5,000	3,446	4,536	4,775
QoQ	*8.0%*	*14.5%*	*5.1%*	*20.1%*	17.4%	-7.5%	-5.4%	5.6%	2.2%	2.2%	2.1%	4.2%	*NA*	*NA*	*NA*
YoY	*38.5%*	*40.6%*	*39.5%*	*56.1%*	69.7%	37.1%	23.3%	8.4%	-5.6%	4.3%	12.6%	11.1%	*44.3%*	31.6%	5.3%

Source: J.P. Morgan estimates, as of 23 Oct 2026.

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Figure 2: Gold spot price trend since 2022 (USD/t oz)



Source: Bloomberg Finance L.P., J.P. Morgan estimates, as of 29 Oct 2026.

Table 9:Consensus valuation comparison – Global jewelry

Company	Core jewelry brands	BBG Ticker	Rating	Price (LC)	Mkt Cap (USD mn)	P/E (x) 2027E	P/E (x) 2028E	P/S (x) 2027E	P/S (x) 2028E	EPS Growth 2026-28E	PEG (x) 2026-28E	Dividend Yield 2027E	Dividend Yield 2028E	ROE 2027E	ROE 2028E
Domestic															
Chow Tai Fook 周大福	Chow Tai Fook 周大福	1929 HK	OW	10.8	13,620	9.7	8.9	1.0	1.0	11.1%	0.9	7.5%	8.0%	29.8%	29.3%
Laopu Gold 老铺黄金	Laopu 老铺黄金	6181 HK	N	283.6	6,389	6.0	5.3	1.2	1.1	144.5%	0.0	0.1	13.2%	43.2%	42.0%
Shanghai Yuyuan 豫园股份	Lao Miao 老庙	600655 CH	NC	4.4	2,580	28.1	18.9	0.4	0.4	na	na	0.9%	1.4%	2.0%	2.8%
Lao Feng Xiang 老凤祥	Lao Feng Xiang 老凤祥	600612 CH	UW	32.6	2,046	10.8	10.2	0.3	0.3	na	na	3.6%	3.6%	10.5%	10.6%
Liliang Diamond 力量钻石	na	301071 CH	NC	49.5	1,889	na	na	na	na	na	na	na	na	na	na
China National Gold 中国黄金	China National Gold 中国黄金	600916 CH	NC	7.0	1,767	16.5	14.9	0.1	0.1	na	na	3.9%	4.2%	9.1%	9.5%
Chow Tai Seng 周大生	Chow Tai Seng 周大生	002867 CH	NC	10.5	1,701	9.1	8.2	1.3	1.2	8.2%	1.3	8.7%	9.6%	18.1%	19.2%
Beijing Caibai 北京菜百	Caibai 菜百	605599 CH	NC	12.8	1,491	8.9	8.0	0.2	0.2	7.4%	1.4	6.0%	6.4%	20.9%	21.1%
Luk Fook 六福	Luk Fook 六福	590 HK	NC	20.0	1,500	5.0	4.6	0.5	0.5	14.7%	0.4	8.5%	9.1%	13.5%	13.6%
DR Corp 迪阿股份	DR	301177 CH	NC	21.5	1,292	41.3	33.6	4.9	4.3	21.1%	2.7	1.9%	3.2%	3.4%	4.3%
Chow Sang Sang 周生生	Chow Sang Sang 周生生	116 HK	NC	12.2	1,048	2.6	2.3	0.3	0.3	31.3%	0.1	14.5%	na	17.5%	17.0%
CHJ Jewellery 潮宏基	CHJ 潮宏基	002345 CH	NC	7.6	1,016	7.5	6.4	0.6	0.5	30.6%	0.3	9.5%	10.2%	20.4%	21.9%
Mclon Jewelry 曼卡龙	Mclon 曼卡龙	300945 CH	NC	10.1	397	15.1	13.1	1.1	1.0	15.8%	1.1	2.5%	2.8%	8.9%	9.6%
Emperor 英皇珠宝	Emperor 英皇	887 HK	NC	0.3	245	2.8	2.6	0.2	0.2	na	na	na	na	10.0%	10.6%
Average					**2,641**	**12.6**	**10.5**	**0.9**	**0.8**	**31.6%**	**0.9**	**6.6%**	**6.5%**	**15.9%**	**16.3%**
Mkt-cap average						**10.8**	**9.3**	**0.9**	**0.9**	**33.0%**	**0.5**	**7.0%**	**7.2%**	**23.1%**	**23.0%**
International															
LVMH 路威酩轩	Tiffany 蒂芙尼, Chaumet 尚美	MC FP	N	383.6	211,189	15.8	14.4	2.3	2.1	7.3%	2.4	3.6%	3.8%	15.8%	16.0%
Hermes 爱马仕	Hermes 爱马仕	RMS FP	N	1,264.0	148,518	26.3	24.2	7.5	7.0	7.2%	4.0	1.6%	1.8%	21.6%	20.6%
Richemont 历峰集团	Cartier 卡地亚, Van Cleef & Arpels 梵克雅宝	CFR SW	OW	164.1	116,943	20.8	18.5	3.9	3.6	16.2%	1.5	2.6%	2.9%	18.4%	18.9%
Titan Corp	Titan	TTAN IN	OW	4,434.0	41,380	50.2	41.9	3.4	2.9	22.2%	2.7	0.5%	0.6%	32.5%	30.7%
Kering 开云集团	Pomellate 宝曼兰朵, Qeelin 麒麟	KER FP	UW	176.8	24,294	19.6	14.8	1.4	1.3	26.1%	1.1	2.8%	3.6%	7.2%	9.1%
Swatch 斯沃琪	Harry Winston 海瑞温斯顿	UHR SW	UW	175.3	10,890	24.3	18.0	1.3	1.2	71.6%	0.6	3.0%	3.2%	3.3%	4.4%
Pandora 潘多拉	Pandora 潘多拉	PNDORA DC	N	818.0	9,137	17.3	12.4	1.7	1.7	-1.2%	-10.7	2.4%	2.7%	38.3%	45.4%
Signet Jewelers 西格内特	Signet 西格内特	SIG US	NC	115.2	4,415	8.5	7.9	0.6	0.6	15.2%	0.6	1.3%	1.5%	22.4%	20.6%
Vivara	Vivara	VIVA3 BZ	OW	17.6	776	5.7	5.0	1.1	1.0	8.3%	0.8	5.5%	7.4%	20.2%	20.6%
SK Jewellery 金光珠宝	SK 金光	SK SP	NC	na	na	na	na	na	na	na	na	na	na	na	na
Average					**63,060**	**20.9**	**17.4**	**2.6**	**2.4**	**19.2%**	**0.3**	**2.6%**	**3.1%**	**20.0%**	**20.7%**
Mkt-cap average						**22.4**	**19.8**	**4.0**	**3.7**	**12.2%**	**2.3**	**2.6%**	**2.8%**	**18.9%**	**18.9%**

Source: Bloomberg Finance L.P., as of 28 Oct 2026; J.P. Morgan.



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Investment Thesis, Valuation and Risks

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

Investment Thesis

Recent trading challenges our previous assumption that Laopu's premium heritage gold positioning could increasingly insulate demand from gold-price volatility and support a luxury-like valuation. We expect 2H26 revenue/earnings to decline 26%/23% yoy. For 2027E, we rebuild earnings from a normalized post-boom store-productivity base and forecast revenue/earnings declines of 20%/31%, respectively. With the stock now trading at c.10x/9x 2027/28E P/E, broadly around sector levels, we believe the earnings and valuation reset leaves risk/reward more balanced. We have a Neutral rating on the shares.

Valuation

Our Dec-27 PT of HK$296 is based on 9.5x 2028E P/E, vs the China jewelry sector average of c9x (based on Bloomberg consensus). We set our valuation assumption at a premium to the sector given Laopu's superior brand economics.

Risks to Rating and Price Target

Upside risks to our rating and price target incluce: 1) Laopu voluntarily provides a 3Q trading update as a positive signal on transparency and investor communication; 2) 3Q earnings come in better than expected, or 4Q trading shows a more durable sequential recovery; 3) a more stable gold-price environment improves consumer confidence and purchase conversion; and 4) boutique optimization, VIC initiatives and overseas expansion contribute faster than expected.

Downside risks include: 1) 3Q/4Q trading deteriorates further than our expectation; 2) continued gold-price volatility; 3) intensifying competition in premium Heritage Gold; and 4) boutique upgrades and overseas expansion require more upfront investment than expected while revenue contribution takes longer to materialize, further delaying the earnings recovery.

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Laopu Gold - H: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**8,506**	**27,303**	**30,924**	**24,825**	**26,725**
COGS	(5,004)	(17,029)	(18,261)	(14,884)	(16,024)
Gross profit	**3,501**	**10,274**	**12,663**	**9,941**	**10,701**
SG&A	(1,509)	(3,699)	(4,202)	(4,044)	(4,313)
Adj. EBITDA	**2,154**	**6,889**	**8,780**	**6,337**	**6,875**
D&A	(181)	(339)	(379)	(488)	(538)
Adj. EBIT	**1,973**	**6,549**	**8,402**	**5,849**	**6,337**
Net Interest	(30)	(139)	(176)	(175)	(175)
Adj. PBT	**1,947**	**6,384**	**8,214**	**5,670**	**6,155**
Tax	(473)	(1,516)	(1,951)	(1,346)	(1,462)
Minority Interest	0	0	0	0	0
Adj. Net Income	**1,473**	**4,868**	**6,263**	**4,323**	**4,694**
Reported EPS	9.47	28.25	36.35	25.09	27.24
Adj. EPS	**9.47**	**28.25**	**36.35**	**25.09**	**27.24**
DPS	**6.35**	**21.54**	**27.35**	**18.88**	**20.50**
Payout ratio	67.0%	76.3%	75.3%	75.3%	75.3%
Shares outstanding	156	172	172	172	172

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	733	2,068	5,318	6,006	7,194
Accounts receivable	801	1,280	1,077	815	1,222
Inventories	4,088	16,044	13,974	14,572	13,964
Other current assets	212	1,157	1,157	1,157	1,157
Current assets	**5,833**	**20,549**	**21,526**	**22,550**	**23,537**
PP&E	113	175	438	564	673
LT investments	-	-	-	-	-
Other non current assets	391	528	663	673	698
Total assets	**6,337**	**21,253**	**22,627**	**23,787**	**24,908**
Short term borrowings	1,373	6,164	6,164	6,164	6,164
Payables	228	636	349	454	410
Other short term liabilities	647	3,080	3,135	3,120	3,115
Current liabilities	**2,249**	**9,880**	**9,648**	**9,738**	**9,689**
Long-term debt	0	100	100	100	100
Other long term liabilities	168	177	218	207	203
Total liabilities	**2,416**	**10,157**	**9,966**	**10,045**	**9,993**
Shareholders' equity	3,920	11,095	12,661	13,742	14,915
Minority interests	0	0	0	0	0
Total liabilities & equity	**6,337**	**21,253**	**22,627**	**23,787**	**24,908**
BVPS	**25.20**	**64.61**	**73.72**	**80.02**	**86.85**
Net debt/(cash)	957	4,597	1,442	728	(469)

Sector Specific items	FY24A	FY25A	FY26E	FY27E	FY28E
Same Store Sales Growth	120.9%	160.6%	-	-	-
Store Count	36	45	49	54	55
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)**	**8,805**	**4,755**	**5,563**
o/w Depreciation & amortization	181	339	379	488	538
o/w Changes in working capital	(3,038)	(12,552)	1,987	(231)	157
Cash flow from investing activities	**(71)**	**(145)**	**(777)**	**(624)**	**(671)**
o/w Capital expenditure	(71)	(145)	(777)	(624)	(671)
as % of sales	*0.8%*	*0.5%*	*2.5%*	*2.5%*	*2.5%*
Cash flow from financing activities	**1,960**	**8,211**	**(4,778)**	**(3,443)**	**(3,704)**
o/w Dividends paid	0	(1,096)	(4,698)	(3,242)	(3,520)
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**	**3,250**	**688**	**1,188**
Adj. Free cash flow to firm	**(1,276)**	**(6,887)**	**8,162**	**4,265**	**5,025**
y/y Growth	*1607.8%*	*439.6%*	*(218.5%)*	*(47.7%)*	*17.8%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	41.2%	37.6%	40.9%	40.0%	40.0%
EBITDA margin	25.3%	25.2%	28.4%	25.5%	25.7%
EBIT margin	23.2%	24.0%	27.2%	23.6%	23.7%
Net profit margin	17.3%	17.8%	20.3%	17.4%	17.6%
ROE	54.2%	64.8%	52.7%	32.7%	32.8%
ROA	34.7%	35.3%	28.5%	18.6%	19.3%
ROCE	39.7%	42.7%	34.5%	22.4%	22.9%
SG&A/Sales	17.7%	13.5%	13.6%	16.3%	16.1%
Net debt/Equity	0.2	0.4	0.1	0.1	NM
Net debt/EBITDA	0.4	0.7	0.2	0.1	NM
Sales/Assets (x)	2.0	2.0	1.4	1.1	1.1
Assets/Equity	156.3%	183.7%	184.7%	175.8%	169.9%
Interest cover (x)	70.8	49.5	49.9	36.2	39.3
Operating leverage	145.4%	104.9%	213.2%	154.0%	109.0%
Tax rate	24.3%	23.7%	23.7%	23.7%	23.7%
Revenue y/y Growth	167.5%	221.0%	13.3%	(19.7%)	7.7%
EBITDA y/y Growth	210.4%	219.7%	27.5%	(27.8%)	8.5%
EPS y/y Growth	212.6%	198.3%	28.7%	(31.0%)	8.6%
BVPS y/y Growth	128.6%	156.3%	14.1%	8.5%	8.5%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	24.6	8.2	6.4	9.3	8.5
P/BV (x)	9.2	3.6	3.2	2.9	2.7
P/Sales (x)	4.3	1.5	1.3	1.6	1.5
EV/EBITDA (x)	21.2	7.2	5.3	7.2	6.4
Dividend Yield	2.7%	9.3%	11.8%	8.1%	8.8%

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