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When Gold Prices Recede, Who Really Holds Up?

Structural Resilience × Consumer Choice in China’s Jewellery Market

MaLogic perspective: When revenue can be lifted by the gold price, the real question is — how much value is the brand itself creating?

Research cut-off: 31 August 2026

Contents

Assessments are structured qualitative judgements based on public information. They are not quantitative scores, credit ratings or investment recommendations.

EXECUTIVE THESIS

Consumers Are Rewriting What Deserves Their Preference

One gold-price cycle has made the structural differences between jewellery brands visible.

136t China gold jewellery demand | H1 2026	-30% Demand volume YoY	+11% Consumer spending YoY

In H1 2026, China's gold jewellery demand by volume fell by around 30% year on year, while consumer spending rose by 11%. This is more than a normal cyclical movement. It signals something brand leaders should pay close attention to: consumers are buying less but spending more, and revenue is becoming increasingly detached from demand volume.

As a result, revenue, store count or gold-price-driven basket size alone are no longer sufficient to judge whether a jewellery brand is genuinely becoming stronger. High gold prices can amplify profits, but they can also conceal falling transaction volumes, inventory risk, loss of purchase occasions and brand homogenisation. The real question is not how much revenue gold prices can generate, but whether the brand can build sustainable sources of value beyond the metal itself.

> Core thesis of this white paper
> In a non-growth environment, brand leadership requires two capabilities at the same time: SURVIVE — maintaining structural stability under pressure; and CHOICE — remaining the preferred option at key purchase moments. The real strategic divide is whether a brand can gradually shift value from "the metal itself" towards "brand-created value", allowing design, craftsmanship, culture, experience and trust to carry more of the pricing, profit and reason for choice.

We use Chow Tai Fook, Lao Pu Gold, Lukfook Jewellery and Lao Feng Xiang as four observation cases. The purpose is not to create an investment ranking, but to show how the same market pressure can produce very different structural and mental-availability risks.

Source: World Gold Council, Gold Demand Trends Q2 2026. Brand assessments are structured qualitative judgements based on public information; they are not quantitative scores or investment recommendations.

01 — MARKET RESET

The Market Has Not Returned to Its Old Track

High gold prices have merely accelerated and magnified structural shifts — and exposed weaknesses sooner.

1. Lower Volume, Higher Value: The Easiest "Prosperity" to Misread

Gold prices reached record highs in early 2026 before retreating by more than 20% by mid-year. For jewellery retail, this amounted to a natural stress test: a brand can still record revenue or gross-profit growth while sales volume declines, but such growth does not necessarily indicate healthier demand.

2. Three Demand Shifts Are Rewriting Who Buys — and Why

- Occasion: bridal → self-wear. Self-expression and everyday wear are becoming more important sources of demand.
- Product: gram weight → design. High gold prices are increasing the share of lighter-weight, fixed-price, heritage-craft gold and culturally designed products.
- Value: adornment → dual justification through asset value and meaning. Consumers increasingly expect value retention, craftsmanship and emotional value at the same time.

3. Three Structural Traps

- Revenue illusion: higher gold prices can lift revenue and basket size without creating more transactions.
- Inventory mismatch: buying stock at elevated prices, limited hedging and slow turnover can rapidly amplify losses during a correction.
- Brand homogenisation: when product value still centres on "today's gold price × gram weight", it is difficult for a brand to build genuine pricing power.

Sources: World Gold Council, Gold Demand Trends Q1 / Q2 2026 and China gold market updates; China Gold Association and National Bureau of Statistics of China for market context; Reuters and public commodity-market reporting for gold-price context.

> The real dividing line
> It is not whether the brand "has gold", but whether pricing, profit and reasons for choice can gradually move from the metal itself to design, culture, experience and trust.

02 — THE TWO-LENS FRAMEWORK

A Brand Can Be Hot Without Being Resilient — or Resilient While Gradually Falling Off the Shortlist

SURVIVE and CHOICE must be read together.

SURVIVE x CHOICE provides a consistent two-lens strategic architecture, while the diagnostic dimensions are adapted to reflect how different industries create value, absorb pressure and shape consumer choice. In this white paper, the dimensions and assessment criteria are calibrated specifically to the economics, operating realities and high-value, higher-involvement decision dynamics of the jewellery industry.

SURVIVE | Structural Endurance Is the business structurally built to endure? Focus: Scale Resilience, Unit Economics, Route to Market, Value Architecture, Integration Strength, Velocity and Endurance Capital.	CHOICE | Decision Priority When the real purchase moment arrives, is the brand recalled and chosen first? Focus: contextual legitimacy, heuristic recall, occasion authority, purchase justification, comparative safety and enduring meaning.

SURVIVE does not answer whether a brand has buzz; CHOICE does not answer whether a company can make money. Only by crossing the two lenses can the real risks in a non-growth market become visible.

Assessment Language

Rating	What It Means
Strong	A clear, sustainable structural advantage or decision priority has been established and remains effective under pressure.
Moderate	Provides meaningful support, but the moat remains limited; performance may diverge when market conditions weaken.
Limited	There is clear structural exposure, or public evidence is insufficient to support a higher rating; risk is more likely to be amplified under pressure.

Important: “Limited” does not mean a weak company. It indicates a constraint or an area where resilience/priority is not yet sufficiently evidenced under the framework.

Framework source: MaLogic SURVIVE x CHOICE proprietary strategic framework. The jewellery-specific diagnostic dimensions, definitions and assessment criteria used in this white paper are designed for structured strategic diagnosis rather than financial, credit or investment scoring.

03 — SURVIVE

From “Selling More” to “Holding Up”

SURVIVE measures a brand’s structural resilience under slowing demand, gold-price corrections and cost pressure.

S	Scale Resilience Can scale, geographic, channel and portfolio breadth genuinely diversify risk and allow active resource reallocation under pressure?
U	Unit Economics Can the store/unit model sustain healthy gross margin, operating profit and cash conversion without relying on rising gold prices to mask efficiency?
R	Route to Market Does the mix of direct/franchise, mall/street, domestic/overseas and digital channels reach demand efficiently while preserving experience control and profitable growth?
V	Value Architecture How effectively does the business combine materials, product, design/craft, brand equity, critical cost structure and value-adding activities to create and capture sustainable economic value?
I	Integration Strength Do sourcing, design, manufacturing, inventory, quality, systems and channel governance work as an integrated system rather than fragmented activities?
V	Velocity Can the business refresh product and design, respond to gold prices, and adapt channels/formats at market-required speed without sacrificing quality or economics?
E	Endurance Capital Are cash, working capital, inventory capacity, financing and capital allocation sufficient to absorb gold/demand cycles and fund continued adaptation?

03 — SURVIVE

Jewellery-Specific Assessment Criteria

The ratings below are not impressionistic judgements. Each SURVIVE dimension is anchored to observable operating and market signals. Thresholds are directional rather than mechanical: a final rating reflects the weight, consistency and durability of evidence across the relevant indicators.

Dimension	Strong	Moderate	Limited
Scale Resilience	Scale diversifies geographic, channel and category risk; the network/portfolio can be actively reallocated without damaging core economics.	Meaningful scale exists, but concentration remains or the network is still being restructured.	Scale is limited or highly concentrated, or expansion itself materially increases fixed-cost/cycle risk.
Unit Economics	Margins, operating profit and unit productivity provide clear buffers; economics are not primarily dependent on rising gold prices.	The model works, but economics remain materially sensitive to gold price, mix or channel structure.	Margins/cash conversion are weak or deteriorating, or economics rely heavily on price inflation.
Route to Market	Broad and effective channel architecture balances reach, experience control and profitable growth across direct/franchise, offline/online and domestic/overseas routes.	Channels are viable, but concentration, control, overseas replication or efficiency constraints remain.	Route to market is overly concentrated or dependent on a model that materially weakens terminal control or economics.
Value Architecture	Materials, product, craft/design, brand equity, cost structure and pricing form a coherent system for sustainable value	Some higher-value elements exist, but value creation still relies materially on gold price, weight or a narrow product/channel	Economics are driven mainly by material price, discounting or commodity spread, with limited non-metal value capture.

Dimension	Strong	Moderate	Limited
	creation and capture.	engine.	
Integration Strength	Sourcing, manufacturing, inventory, quality, systems and channel governance operate as a highly coordinated system with meaningful control of critical links.	Several links are well integrated, but franchise, outsourcing or cross-market coordination still constrains the system.	Critical links are fragmented, materially weakening control over price, inventory, quality or customer experience.
Velocity	Product/design, pricing and channel/store-format adaptation can move at market-required speed without sacrificing quality, economics or brand consistency.	Adaptation is evident, but speed, cross-market consistency or execution cost remains to be proven.	Response is materially slower than the market, or rapid change causes major quality/economic/operating disruption.
Endurance Capital	Cash, working capital and financing/capital-allocation capacity can absorb inventory/gold volatility while continuing to invest.	Capital buffers support operations, but inventory, expansion or cash-flow volatility still requires active management.	Working-capital/cash pressure is material and may constrain adaptation or endurance through the cycle.

Objectification Layer | Observable Indicators and Scoring Discipline

The public rating remains Strong / Moderate / Limited. Internally, however, each dimension is tested against several observable indicators and scored 3 / 2 / 1. The purpose is consistency, not false precision: the arithmetic disciplines the judgement, while the published rating reflects the evidence as a whole.

Dimension	Observable indicators / proxies	Internal scoring rule
Scale Resilience	Geographic/channel/category diversification; network concentration; weak-store exits and reallocation; overseas/non-core contribution.	3 = scale demonstrably diversifies risk and can be actively reallocated; 2 = meaningful scale but concentration/restructuring remains; 1 = small/overconcentrated or scale creates cycle drag.
Unit Economics	Gross margin, operating margin, store/unit productivity, cash conversion; contribution of fixed-price/design-led products.	3 = strong profit/cash buffers; 2 = viable but sensitive to gold/mix/channel; 1 = weak profit/cash or heavily price-inflation dependent.
Route to Market	Direct/franchise mix; mall/street/travel retail; domestic/overseas; e-commerce/O2O; channel efficiency and terminal control.	3 = diversified routes combine reach, control and economics; 2 = viable but constrained by concentration/control/replication; 1 = overdependent on a low-control or narrow route.
Value Architecture	Material/product mix; fixed-price/design/craft/IP; brand premium; critical costs; price ladder and margin sources; value-adding activities.	3 = multiple assets/capabilities create and capture sustainable value; 2 = higher-value elements exist but reliance on gold/narrow engine remains; 1 = mainly material/discount/commodity-spread driven.
Integration Strength	Central sourcing, manufacturing/outsourcing, quality, inventory, systems, franchise governance, replenishment and pricing coordination.	3 = critical links highly integrated with meaningful control; 2 = mixed model with real central coordination; 1 = fragmentation materially weakens price/inventory/experience control.
Velocity	Product/design refresh; repricing; IP/series launches; store/channel adaptation; response to gold and demand shifts.	3 = fast without sacrificing quality/economics; 2 = adaptation evident but speed/consistency unproven; 1 = response lags or speed creates disruption.
Endurance Capital	Cash/working capital; inventory capacity; operating cash flow; financing/capital allocation; expansion/refurbishment/restructuring funding.	3 = buffers absorb volatility while funding investment; 2 = operations supported but inventory/expansion/cash volatility needs management; 1 = capital pressure constrains adaptation.

Critical-constraint rule: a very strong result on one indicator does not automatically offset a structural weakness elsewhere. Where a material constraint is central to the dimension, it can cap the published rating at Moderate even if the arithmetic average is higher.

Rating rule: no single metric determines the outcome. A Strong rating requires several mutually reinforcing signals and no material unresolved constraint in the dimension.

03 — SURVIVE

Brand-by-Brand SURVIVE Rationale

The table below makes the evidence trail explicit. It explains why the same headline growth can translate into different structural assessments.

Chow Tai Fook

Chow Tai Fook has the most complete SURVIVE structure. Scale Resilience is Strong: in FY2026, 104 stores were opened in Mainland China while 1,073 lower-productivity outlets were closed, showing active network reallocation; broad category coverage also diversifies cycle risk. Unit Economics is Strong: FY2026 group gross margin was 32.3% and operating margin 20.0%. Route to Market is Strong: a large Mainland network, Hong Kong/Macau and overseas presence, plus mixed direct/franchise formats provide broad reach. Value Architecture is Strong: fixed-price, culture/design-led platforms such as Heritage convert brand, craft and product assets into premium and margin sources. Integration Strength is Strong: De Beers Sightholder status, direct rough sourcing, diamond cutting/polishing and jewellery manufacturing combine with central product/network management. Velocity is Strong: store reallocation and fixed-price product growth show active adaptation. Endurance Capital is Strong: current profitability and cash-generation capacity provide a strong buffer for continued restructuring and investment.

Lao Pu Gold

Lao Pu Gold is Strong on Unit Economics and Value Architecture: H1 2026 group gross margin was 41.3%, while fixed pricing, repeated price increases, heritage craft and Chinese aesthetics show that non-metal value can be monetised. Scale Resilience and Route to Market are Moderate: high-end mall coverage is strong, but the network remains relatively concentrated and overseas replication is still early. Integration Strength is Moderate because rapid expansion, inventory exposure and cross-market coordination require more cycle evidence. Velocity is Strong: product, pricing and premium-channel expansion have moved quickly. Endurance Capital is Moderate: high margins provide a buffer, but rapid expansion and gold inventory/working-capital requirements still need to be tested across cycles.

Lukfook Jewellery

Lukfook Jewellery is Strong on Unit Economics: FY2026 group gross margin reached 36.7%, operating margin 15.4%, and fixed-price jewellery sales grew 50.5%. Scale Resilience is Moderate: portfolio breadth provides diversification, but the store network is still being rationalised/optimised and international diversification is not yet large enough to reshape group risk. Route to Market, Value Architecture, Integration Strength, Velocity and Endurance Capital are all Moderate: Lukfook has broad product and channel foundations and clear profitability improvement, but public evidence does not yet show a hard-to-replicate structural advantage in any one of these dimensions. The next test is whether network optimisation and fixed-price growth translate into stronger channel economics, value capture and capital endurance.

Lao Feng Xiang

Lao Feng Xiang is Moderate on Scale Resilience: nearly 4,900 stores provide enormous reach, but the network is actively contracting. Unit Economics is Moderate: H1 2026 listed-company gross margin was 12.16%, up 3.48 percentage points year on year, but total revenue fell 40.08% and net operating cash flow was RMB -208m. Route to Market is Strong because nationwide reach remains a major structural asset; however, roughly 96% franchise penetration makes Integration Strength Limited, weakening headquarters control over pricing, inventory, service and terminal experience. Value Architecture is Moderate: heritage and portfolio breadth have economic value, but have not yet been fully converted into contemporary premiumisation and stronger profit quality. Velocity and Endurance Capital are Moderate: store rationalisation, more direct retail and premium formats show adaptation, but transition speed, cash flow and capital burden still require validation.

Evidence basis: FY2026 / H1 2026 company disclosures, exchange filings, official product/channel information and the public market evidence cited in the Methodology & Sources section.

03 — SURVIVE

Structural Resilience Across Four Brands — At a Glance

Public evidence suggests that the biggest difference is not whether a brand is growing, but what is supporting that growth.

ASSESSMENT LOGIC

Each dimension is assessed through multiple observable signals, including company financial and operating disclosures, product and channel structure, brand and occasion evidence, and public market information. Strong / Moderate / Limited reflects the consistency, strength and persistence of multiple pieces of evidence rather than any single financial metric. High-impact claims that cannot be traced to a reliable primary source are excluded from the core assessment. The same principle applies to both SURVIVE and CHOICE.

Brand	Scale	Unit Econ.	Route	Value Arch.	Integration	Velocity	Endurance
Chow Tai Fook	Strong	Strong	Strong	Strong	Strong	Strong	Strong
Lao Pu Gold	Moderate	Strong	Moderate	Strong	Moderate	Strong	Moderate
Lukfook Jewellery	Moderate	Strong	Moderate	Moderate	Moderate	Moderate	Moderate
Lao Feng Xiang	Moderate	Moderate	Strong	Moderate	Limited	Moderate	Moderate

How to Read It

- Chow Tai Fook: the most complete structural profile; a broad product portfolio, fixed-price/design-led products, store-portfolio optimisation and improving profitability provide multiple buffers.
- Lao Pu Gold: very strong brand and product momentum; sharp focus strengthens distinctiveness and premiumisation, but also increases single-category concentration risk. Rapid expansion, inventory exposure and price volatility still require further cycle testing.
- Lukfook Jewellery: profitability improved markedly in FY2026; a broader portfolio provides diversification, but brand differentiation and occasion authority remain relatively diffuse.
- Lao Feng Xiang: both the category portfolio and store network are broad, but roughly 96% franchise penetration weakens control over portfolio management, pricing and terminal experience; scale is shifting from “broad coverage” towards “quality and efficiency”.

Sources and assessment basis: FY2026 / H1 2026 company announcements and annual/interim results from Chow Tai Fook, Lao Pu Gold, Lukfook Jewellery and Lao Feng Xiang; World Gold Council data; and other public market information. The framework deliberately distinguishes current financial performance from structural resilience.

03 — SURVIVE

SURVIVE Matrix | Structural Position Is Not Determined by Store Count

The true upper-right position is where scale converts into unit economics and value-chain control.

Management implication
When the market no longer provides natural growth, the biggest risk is not insufficient scale, but scale itself becoming a cost. Structural leaders use systems, product mix and channel control to turn scale into a buffer rather than a burden.

04 — CHOICE

In High-Value, Low-Frequency Decisions, the Real Battle Is Not “Do I Like It?” but “Do I Need to Compare?”

CHOICE measures a brand’s decision priority at the moments that matter.

C	Contextual Legitimacy At this life stage or purchase occasion, does choosing the brand feel natural and self-evident?
H	Heuristic Recall When jewellery is needed, is the brand recalled before active comparison begins?
O	Occasion Authority Does the brand have natural authority in key occasions such as bridal, gifting, self-wear and inheritance?
I	Investment Justification Can consumers justify to themselves and others why this high-value purchase is worth it?
C	Comparative Safety Compared with alternatives, is it seen as the choice least likely to go wrong?
E	Enduring Meaning After purchase, does the brand retain emotional and cultural meaning that can be revisited or passed on?

04 — CHOICE

Jewellery-Specific CHOICE Criteria

CHOICE is more directly consumer-facing than SURVIVE. The CHOICE ratings in this white paper are therefore indicative desktop-based judgements: observable brand, product, channel and market signals are used to form an initial view, while definitive CHOICE validation still requires consumer research.

Dimension	Strong	Moderate	Limited
Contextual Legitimacy	The brand feels natural and self-evident across multiple high-value purchase contexts; the portfolio covers different life stages, price points and purchase purposes, with channel support.	Strong legitimacy exists in selected contexts, or portfolio breadth is sufficient to enter multiple consideration sets, but the brand is not yet a broad default choice.	No clear role beyond price, convenience or generic category availability.
Heuristic Recall	Sustained market presence and strong awareness/Top-of-Mind evidence support spontaneous/unaided recall before comparison begins.	Meaningful awareness exists, but recall depends more on a specific audience, geography or retail context.	The brand typically enters consideration only after search or comparison.
Occasion Authority	Clearly owns at least one high-value occasion such as bridal, gifting, inheritance or cultural self-purchase; portfolio breadth can further strengthen authority if it supports multiple occasions.	Can participate in multiple occasions but does not clearly dominate any; “having products to sell” is not the same as “owning an occasion”.	Lacks clear ownership of a high-value occasion.

Dimension	Strong	Moderate	Limited
Investment Justification	High-ticket spending can be justified through multiple non-metal reasons - brand, craft, design, heritage, trust or value retention - with pricing-power evidence.	Some reasons exist, but justification remains materially tied to metal value or promotion.	A premium is difficult to explain beyond material value.
Comparative Safety	History, trust, service, distribution and quality together create a low-regret, low-risk choice.	The brand is trusted but still requires comparison with alternatives.	Meaningful concerns remain around consistency, long-term value, brand continuity or purchase risk.
Enduring Meaning	The brand carries emotional, cultural or heritage meaning that can survive fashion cycles and remain relevant after purchase.	A story exists, but long-term meaning or durability of meaning is only partly evidenced.	Meaning depends mainly on short-term fashion, product novelty or material attributes.

Objectification Layer | Desktop Indicators vs Definitive Consumer Validation

CHOICE depends more heavily on consumer behaviour than SURVIVE. The desktop assessment therefore uses observable indicators to form an indicative 3 / 2 / 1 view, while definitive ratings should be validated through consumer research. Public indicators can support a strong working hypothesis, but they cannot replace measured Top-of-Mind recall, occasion preference, cross-shopping or repeat-choice data.

Dimension	Desktop indicators / research measures	Internal scoring rule
Contextual Legitimacy	Desktop evidence: product-category breadth; coverage across life stages, price points and purchase purposes; product/occasion architecture; channel fit; market presence in target contexts. Research measures: brand fit and consideration by use case.	3 = naturally appropriate across multiple high-value contexts with strong brand fit/consideration; 2 = legitimate in selected contexts, or portfolio breadth enters multiple consideration sets without clear priority; 1 = weak role beyond convenience, price or general availability.
Heuristic Recall	Desktop evidence: sustained market presence and search/share-of-voice signals. Research measure: unaided Top-of-Mind recall.	3 = clear spontaneous/unaided recall leadership (ideally measured); 2 = meaningful awareness, but recall depends on audience/occasion; 1 = usually recalled only after prompting, search or comparison. Without direct Top-of-Mind data, desktop confidence must be stated.
Occasion Authority	Desktop evidence: occasion ownership through product/platforms in bridal, gifting, self-wear, inheritance, etc.; portfolio breadth can support entry across occasions but cannot prove authority on its own. Research measure: default choice/preference by purchase trigger.	3 = default or leading choice in at least one major high-value occasion, ideally more than one; 2 = credible top-tier choice without clear occasion ownership; 1 = no distinctive occasion authority.
Investment Justification	Desktop evidence: pricing power, premium/fixed-price acceptance, craft/heritage/design rationale. Research measures: willingness to pay and stated purchase justification.	3 = high spend is supported by several non-metal reasons and commercial pricing evidence; 2 = some justification but substantial reliance on gold value or promotion; 1 = premium is difficult to explain beyond material value.
Comparative Safety	Desktop evidence: heritage, after-sales,	3 = the brand meaningfully reduces perceived

	network, quality consistency and price durability. Research measures: cross-shopping, conversion and perceived purchase risk.	risk and need for comparison; 2 = trusted but still actively cross-shopped; 1 = material concerns over value durability, consistency or brand continuity.
Enduring Meaning	Desktop evidence: heritage, cultural assets, inheritance/ritual role and enduring design codes. Research measures: advocacy, repeat purchase and emotional/cultural meaning.	3 = emotional/cultural meaning extends beyond fashion cycles; 2 = some enduring story but limited ownership/validation; 1 = meaning is mainly trend-, product- or commodity-dependent.

Research-validation rule: if a CHOICE dimension depends primarily on consumer behaviour (especially Recall, Occasion Authority or Comparative Safety) and no direct consumer data are available, the published assessment should be described as indicative. Consumer research is the definitive validation layer.

Interpretation safeguard: a desktop Strong rating is a well-supported indicator, not a substitute for measured consumer awareness, consideration, preference or repeat-choice data.

04 — CHOICE

Brand-by-Brand CHOICE Rationale

The same brand can be strong in traditional occasions but weaker in emerging premium contexts. The rationale below separates what is evidenced from what still requires consumer validation.

Chow Tai Fook

On current public indicators, all six dimensions are Strong. Contextual Legitimacy and Occasion Authority are supported by long-standing roles in bridal, gifting and inheritance, while broader category, price-point and product-platform coverage expands the brand’s chance of entering the consideration set across different life stages and purchase purposes. Heuristic Recall and Comparative Safety are supported by scale, heritage and service network. Investment Justification is strengthened by premium cultural/product platforms such as Heritage (“Chuan Cheng”). Enduring Meaning is supported by inheritance, bridal and culturally anchored products. Consumer research is still needed to quantify how close the brand is to being the genuine first choice among younger premium consumers.

Lao Pu Gold

Contextual Legitimacy, Occasion Authority, Investment Justification and Enduring Meaning are Strong: heritage craftsmanship, Chinese aesthetics, fixed pricing and high-end mall presence combine into a clear premium cultural proposition. Product focus actually reinforces this distinctiveness and occasion authority. Heuristic Recall is Moderate because public evidence shows strong momentum among affluent consumers but does not prove broad spontaneous/unaided recall across the full market. Comparative Safety is Moderate because premiums are high, the operating history is shorter, and the durability of premiums and secondary-market/value-retention performance across cycles is not yet sufficiently evidenced.

Lukfook Jewellery

All six dimensions are Moderate. The brand is well known and has broad product/use coverage, allowing it to enter consideration across multiple consumption contexts. But public evidence does not yet show that it dominates a specific high-value occasion, owns a highly distinctive and hard-to-copy cultural/product asset, or provides a sufficiently clear reason for consumers to stop comparing. Portfolio breadth supports Contextual Legitimacy, but does not automatically create Occasion Authority.

Lao Feng Xiang

In traditional gold, bridal and gifting contexts, deep heritage and broad recognition support Strong ratings on Contextual Legitimacy, Heuristic Recall, Occasion Authority and Enduring Meaning. Broad category coverage helps serve different needs, but the highly franchised structure may limit headquarters’ ability to translate portfolio breadth consistently into terminal experience. Investment Justification is Moderate: heritage and trust support purchase, but contemporary premium pricing power is not yet sufficiently evidenced. Comparative Safety is Moderate. The real question is whether strong heritage authority can be converted into first-choice status among younger, more premium consumers.

Recommended next step: quantify and validate CHOICE through consumer research, including spontaneous/unaided recall, consideration, occasion ownership, willingness to pay, comparative confidence and enduring meaning.

04 — CHOICE

Decision Priority Across Four Brands

Even within “brand strength”, different brands own different purchase moments.

Brand	Context Legitimacy	Recall	Occasion Authority	Justification	Comparative Safety	Enduring Meaning
Chow Tai Fook	Strong	Strong	Strong	Strong	Strong	Strong
Lao Pu Gold	Strong	Moderate	Strong	Strong	Moderate	Strong
Lukfook Jewellery	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate
Lao Feng Xiang	Strong	Strong	Strong	Moderate	Moderate	Strong

How to Read It

- Chow Tai Fook: closest to a default choice — especially in high-risk, high-meaning purchase contexts, where trust shortens comparison.
- Lao Pu Gold: strong authority in culture-, craftsmanship- and new-luxury-gold contexts, but comparative safety across cycles is still being established.
- Lukfook Jewellery: widely available, but occasion authority and differentiation are more diffuse, making it more likely to enter a comparison-led choice set.
- Lao Feng Xiang: a century of heritage provides strong identity assets and legitimacy in traditional gold jewellery, but this legacy-brand advantage has not yet fully converted into first-priority status for the next generation of premium consumers.

Sources: company annual/interim results and public disclosures; official brand, product and channel information; and other public market evidence. CHOICE ratings are MaLogic structured qualitative judgements, not consumer-survey scores.

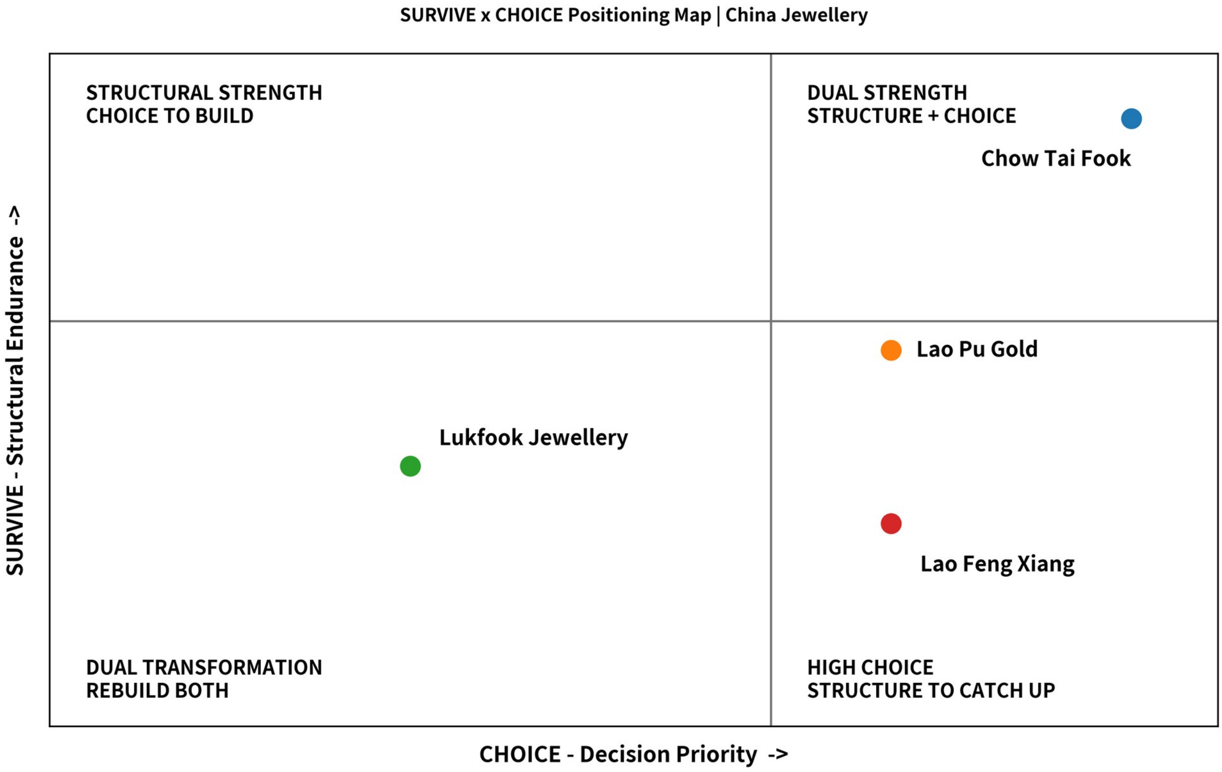
04 — CHOICE

CHOICE Matrix | The Most Valuable Position Is “No Need to Compare”

High occasion authority + high comparative safety creates a true decision shortcut.

Management implication
High-value consumption is not about convincing everyone. It is about becoming the most natural, lowest-risk and easiest-to-justify answer at a small number of moments that truly matter.

04 — CHOICE



Directional positioning based on MaLogic's structured qualitative assessments. Strong / Moderate / Limited locate relative positions; this is not a quantitative consumer score.

05 — BRAND DIAGNOSIS

Chow Tai Fook | Dual-Strength Leader

The most important change is not “selling more gold”, but shifting more value into the brand, design and operating structure.

HK$94.4bn FY2026 Group total revenue	32.3% Group gross margin	20.0% Group operating margin

In FY2026, Chow Tai Fook Group total revenue grew 5.3% year on year to HK$94.4bn, group gross margin rose to 32.3%, group operating margin reached 20.0%, and profit attributable to shareholders reached HK$9.0bn. These are consolidated Chow Tai Fook Jewellery Group figures covering the group’s overall jewellery and related businesses, not gold products alone. What matters most is not simply the growth, but the clear improvement in earnings quality despite high gold prices and pressure on demand volume.

SURVIVE | Why the Structure Is Stronger

- In FY2026, 104 stores were opened in Mainland China while 1,073 were closed, a net reduction of 969. The point is not expansion, but the deliberate removal of underperforming outlets and reshaping of the store portfolio.
- Portfolio breadth is itself a source of resilience: Chow Tai Fook spans gold, diamond/gem-set jewellery, K-gold/platinum and watches. In FY2026, fixed-price jewellery revenue grew 15.7% year on year and represented 31.5% of product revenue, indicating reduced reliance on a single gram-weight gold logic.
- Upstream diamond control is another structural asset: Chow Tai Fook remains listed as a Sightholder in the De Beers Global Sightholder Sales customer directory and has direct rough-diamond sourcing, cutting/polishing and jewellery-manufacturing capabilities. This supports the upstream component of its Integration Strength assessment, but should not be simplified into a claim that diamond margin is determined by this alone.

CHOICE | Why It Is Closer to a Default Choice

- In high-risk occasions such as bridal, gifting and inheritance, history and trust provide strong comparative safety.
- Broader category and price-point coverage makes it easier for consumers to place Chow Tai Fook in the consideration set across different life stages and purchase purposes. But “more products” does not itself equal Occasion Authority; what matters is whether the brand truly owns the key purchase moments.

> Watchpoint
> Dual strength does not mean immunity. Same-store performance and transaction volumes in Mainland China remain under pressure. The next step is to translate growth in fixed-price products into a broader, more sustainable consumer-choice advantage.

Sources: Chow Tai Fook Jewellery Group FY2026 Annual Results / Annual Results Presentation; De Beers Global Sightholder Sales Customer Directory; GIA research report on Chow Tai Fook’s diamond cutting factory in Foshan, China.

05 — BRAND DIAGNOSIS

Lao Pu Gold | High-Choice Challenger

What is most worth studying is not how quickly it became popular, but whether strong CHOICE can be supported by equally strong structural capability.

RMB19.8bn H1 2026 Group total revenue*	+60.3% Group revenue YoY	41.3% Group gross margin

Lao Pu Gold demonstrates something important: gold can be reframed as a product of culture, craftsmanship and premium aesthetics rather than simply a gram-weight commodity. This is its most distinctive CHOICE asset. *Financial-scope note: RMB19.8bn in H1 2026 is group total revenue and 41.3% is group gross margin; gold jewellery represented approximately 99.9% of group revenue, so the consolidated figures are effectively aligned with the core gold-jewellery business.

CHOICE | Real and Clearly Defined Strengths

- Heritage craftsmanship, Chinese cultural aesthetics and fixed pricing create a clear identity. In February 2026, prices on multiple products were raised by around 20–30%, indicating strong price-carrying capacity.
- After entering Plaza 66 Shanghai in 2025, public reports indicated that the brand had achieved coverage of China's ten leading high-end shopping centres. Its high overlap with luxury-brand consumers supports premium contextual legitimacy, but does not make it equivalent to an international luxury brand.

SURVIVE | The Cycle Is Beginning to Test the Structure

- Brand appeal has started to travel across borders: the first Singapore store generated strong initial traffic. However, a strong opening in one market is not sufficient to prove cross-cultural replicability, inventory discipline or unit economics.
- If public claims of high sales concentration among core members are later confirmed by primary sources, this would represent a customer concentration risk worth monitoring. This white paper does not incorporate unverified percentages into the assessment.

> Key question
> Lao Pu Gold has shown that a brand can make gold more valuable. The next question is whether that value can maintain the same earnings quality and choice power when gold prices are less supportive.

Sources: Lao Pu Gold H1 2026 interim results; Frost & Sullivan research cited in public disclosures/media; public mall and institutional observations. Unverified claims such as "2× Cartier / 3× Van Cleef" or "global #1 sales efficiency" are excluded.

05 — BRAND DIAGNOSIS

Lukfook and Lao Feng Xiang | Two Different Scale Challenges

Both have substantial channel assets, but their challenges differ. Lukfook is rationalising/optimising its global network; Lao Feng Xiang is actively reducing low-productivity outlets within a heavily franchised model while increasing direct retail and core-city coverage, attempting to convert legacy scale into higher channel quality and brand value.

Lukfook Jewellery | Scale-Supported Improver

HK$17.2bn FY2026 Group total revenue	36.7% Group gross margin	15.4% Group operating margin

Lukfook FY2026 group total revenue grew 29% to HK$17.2bn, fixed-price jewellery sales increased 50.5%, group gross margin reached 36.7% and operating margin 15.4%, with profitability at a record high. These are consolidated Lukfook Group figures covering its full range of jewellery products and retail/wholesale operations, not gold products alone. This shows that the business is not merely benefiting passively from gold prices; product differentiation and fixed-price mix are contributing as well.

From a SURVIVE x CHOICE perspective, however, Lukfook still needs to convert improved profitability into clearer occasion authority and brand priority in order to reduce substitutability during consumer comparison.

Lao Feng Xiang | Legacy-Scale Transformer

Lao Feng Xiang's core assets are a century-old brand, broad reach and nearly 4,900 stores, but the channel remains heavily franchise-dependent: as of June 2026, 4,703 of 4,916 stores were franchised, or about 95.7%. The company recorded a net closure of 483 stores in 2025 and a further net reduction of 439 stores in H1 2026, concentrated mainly in low-productivity franchise outlets, while direct retail and higher-quality Tier 1–2 city formats gradually increased. Structural adjustment is showing positive signals: gross profit from direct retail rose by about 48% year on year in 2025; in H1 2026 the listed company's overall gross margin was 12.16%, up 3.48 percentage points year on year. However, total company revenue fell 40.08% and net cash flow from operating activities was RMB -208m, showing that the transition remains under clear pressure. These financial figures are consolidated listed-company data, not a single gold category; jewellery accounted for approximately 91.6% of H1 2026 total revenue, with gold trading and a small amount of other business also included. The real test is not whether Lao Feng Xiang has scale, but whether franchise-led legacy scale can be converted into stronger channel control, product premium and contemporary consumer choice.

Transition evidence: franchise-network rationalisation/optimisation + higher-margin direct retail + premium store/product experiments (including "Cang Bao Jin", "Feng Xiang Xi Shi" and premium boutique formats).

> Why the comparison matters

Financial improvement can come from different sources. SURVIVE asks whether it can withstand a correction; CHOICE asks whether it makes the brand less likely to be compared.

06 — THE DECOUPLING THESIS

The Real Strategic Divide: Can Brand Pricing Gradually Decouple from Metal Pricing?

Not by moving away from gold, but by ensuring gold is no longer the only explanation of value.

“Decoupling” does not mean revenue becomes completely unaffected by gold prices — that is unrealistic for any gold jewellery brand. A more practical definition is whether the brand can base more of its gross profit, reasons for choice and repeat-purchase motivation on non-metal factors.

Sources: MaLogic synthesis of World Gold Council market data and FY2026 / H1 2026 company disclosures cited in this paper. “Decoupling” is a strategic interpretation, not a claim that jewellery economics can become independent of gold prices.

01 | Product decoupling Increase the share of fixed-price, design-led, IP, jadeite and craftsmanship products so that value shifts from gram weight to creativity and meaning.	02 | Occasion decoupling Expand beyond bridal into self-wear, gifting, collecting, inheritance and everyday premium consumption.
03 | Channel decoupling Shift from simply pursuing store count towards store quality, flagship experience, direct-retail capability and digital relationships.	04 | Mental decoupling Get consumers to think of the brand before checking the gold price; to ask “which one is right for me?” before “how much is a gram today?”.
In one sentence Gold prices can create revenue; only brands can turn revenue into sustainable profit and choice power.	

07 — MANAGEMENT IMPLICATIONS

For Leading Brands, the Next Battle Is Not a Scale War — It Is a Conversion War

Convert existing structural advantages into decision priority for the next generation of consumers.

1. Convert SURVIVE Strengths into CHOICE

A common trap for large brands is to treat scale, supply chain and heritage as end points. In reality, they become true brand advantages only when they are translated at the moment of purchase into “safer, more worthwhile and more meaningful”.

2. Elevate Fixed-Price from Product Strategy to Brand Strategy

The value of fixed-price products is not simply higher margin. They force the brand to answer: what gives us the right to price beyond the gold price? Design, craftsmanship, culture, IP, service and experience must together form a value proposition consumers can understand.

3. Build New Occasion Authority

As bridal demand structurally contracts, self-wear and everyday high-value consumption should not be treated merely as “new product ranges”. They need to be built into new brand occasions — proactively recalled, clearly role-defined and expressed in a distinctive language.

4. Turn the Two Frameworks into a Management Dashboard

SURVIVE is suited to tracking structural resilience; CHOICE can quantify decision priority through consumer research. Together, they place financial, operational and brand evidence on the same management map.

Source: MaLogic management synthesis derived from the SURVIVE x CHOICE diagnosis in this white paper. Recommendations are strategic implications rather than investment advice.

From white paper to management tool
The next step is not another “brand health survey”, but an ongoing diagnostic that can answer: where are we structurally resilient, at which moments are we chosen, and where does investment matter most?

CONCLUSION

Redefining Leadership

The jewellery market in H1 2026 provided a rare natural experiment: gold prices surged, demand volume fell, consumer spending rose, and prices then corrected sharply. These shifts amplified differences that revenue alone had previously made easy to overlook.

SURVIVE shows which growth is structurally supported and which remains highly dependent on external prices. CHOICE shows which brands are beginning to own new life occasions and which remain merely one option on a comparison list. Read together, they redefine leadership: not simply selling more gold, but continually converting metal value into brand pricing power, sustainable profit and consumer decision priority.

Source: MaLogic synthesis based on the market, company and framework evidence cited throughout this white paper.

> Final perspective
> SURVIVE determines who can stay in the game; CHOICE determines who continues to be chosen first. True category leaders must do both.

We transform complexity into clear pathways forward.

METHODOLOGY & SOURCES

About This White Paper

Public Evidence × Structured Strategic Judgement

This white paper is based on publicly available information up to 31 August 2026, including company announcements, Hong Kong Stock Exchange and Shanghai Stock Exchange disclosures, World Gold Council data, and market/macro information. SURVIVE / CHOICE ratings of Strong / Moderate / Limited are MaLogic structured qualitative judgements for strategic diagnosis; they are not credit ratings, investment ratings or quantitative scores. Each dimension is anchored to jewellery-specific assessment criteria and cross-read through multiple observable signals covering financial and operating performance, portfolio/category diversification, channel and value-chain structure, brand/occasion evidence and market information. Ratings reflect the consistency, strength and durability of multiple signals rather than any single metric. CHOICE ratings in this paper are indicative references based on public evidence; definitive CHOICE validation still requires consumer research. High-impact claims that cannot be traced to reliable primary disclosure are not used as core rating evidence. Internally, observable indicators are converted into a 3 / 2 / 1 discipline to improve consistency across brands, but arithmetic totals are not published as a league table, to avoid implying more precision than the evidence supports. A material structural constraint can cap a dimension at Moderate even when other indicators are strong. Evidence priority is: company/exchange disclosure; authoritative industry data; institutional research; and only then media or market signals. High-impact claims that cannot be traced to reliable primary or authoritative sources are excluded from the core assessment. Financial-scope note: unless otherwise stated, “revenue/income, gross margin, operating margin, profit and cash flow” refer to consolidated financial figures for the relevant listed group/company, not to the gold category alone. Chow Tai Fook and Lukfook are group-wide figures; Lao Pu Gold is also reported on a group basis, but approximately 99.9% of H1 2026 revenue came from gold jewellery; Lao Feng Xiang is reported on a listed-company consolidated basis, with jewellery contributing approximately 91.6% of H1 2026 revenue, alongside gold trading and a small amount of other business.

Principal Sources

- World Gold Council — Gold Demand Trends Q1 / Q2 2026; China gold market updates.
- Chow Tai Fook Jewellery Group Limited — FY2026 Annual Results / Annual Results Presentation, 11 Jun 2026. (Consolidated group basis.)
- De Beers Global Sightholder Sales — Current Customer Directory: Chow Tai Fook Jewellery Co. Ltd., accessed Sep 2026.
- GIA (Gemological Institute of America) — “Visit to Chow Tai Fook Diamond Cutting Factory in Foshan, China”; documents DTC Sightholder status, direct rough-diamond sourcing and cutting/polishing capability.
- Lao Pu Gold Holdings Limited — H1 2026 Interim Results Announcement, 25 Aug 2026. (Consolidated group basis; gold jewellery represented approximately 99.9% of H1 2026 revenue.)
- Luk Fook Holdings (International) Limited — FY2026 Annual Results, 25 Jun 2026. (Consolidated group basis.)
- Lao Feng Xiang Co., Ltd. — 2026 Interim Report; Q1 2026 Report; Shanghai Stock Exchange disclosures. (Listed-company consolidated basis; jewellery represented approximately 91.6% of H1 2026 revenue.)
- National Bureau of Statistics of China; China Gold Association; Reuters and other public market sources for macro / commodity context.

APPENDIX — FREQUENTLY ASKED QUESTIONS (FAQ)

SURVIVE x CHOICE: Frequently Asked Questions

The following questions explain how the two frameworks should be read, compared and translated into management action.

Q1. What exactly do Strong / Moderate / Limited mean?

They are structured qualitative judgements, not published league-table scores. Internally, each dimension is tested against several jewellery-specific observable indicators using a 3 / 2 / 1 discipline to improve consistency across brands. Strong means the evidence forms a clear, sustainable advantage; Moderate means the dimension provides support but remains conditional or constrained; Limited means a material constraint is visible or the evidence is not sufficient to support a higher rating. A critical weakness can cap a dimension even when other indicators are strong.

Q2. Is SURVIVE a financial-health rating?

No. SURVIVE draws on revenue, margins, cash flow, store networks and inventory, but assesses structural endurance: whether scale provides buffers, unit economics work, routes to market are effective, value architecture and integration are sustainable, the business can adapt at sufficient velocity, and capital can carry it through the cycle. It is not a credit rating or investment recommendation.

Q3. How is CHOICE different from conventional brand strength, awareness or NPS?

CHOICE is not concerned with whether consumers simply "like" a brand, but whether it is prioritised at the actual moment of purchase. The desktop white-paper assessment uses observable proxy indicators such as product architecture, channel presence, pricing power, heritage assets and market signals. Definitive CHOICE validation comes from consumer research: spontaneous/unaided recall, consideration, occasion preference, willingness to pay, cross-shopping, comparative confidence, repeat choice and enduring meaning.

Q4. Why can a very hot brand still have only moderate SURVIVE strength?

Market heat first proves demand pull, not operating resilience. Lao Pu Gold is a good example: high-end mall coverage, cultural/craft identity, pricing power and the response to its first Singapore store all indicate strong CHOICE. But rapid expansion, cross-market replication, inventory management and unit economics under a gold-price correction still require more cycle testing. In other words, desire can travel faster than the operating model.

Q5. Why do more stores and greater scale not automatically mean stronger Scale Resilience?

Scale creates resilience only when it diversifies geographic, channel and category risk, improves supply-chain efficiency, strengthens store economics and allows management to actively reconfigure the network. In FY2026, Chow Tai Fook opened 104 stores while closing 1,073 underperforming outlets, demonstrating the reallocation of scale. Lao Feng Xiang's roughly 96% franchise structure shows that large scale can coexist with weaker control at the point of sale.

Q6. Does a broader product portfolio automatically make SURVIVE and CHOICE stronger?

Not necessarily. Portfolio breadth can diversify single-category cycle risk and strengthen Scale Resilience or Value Architecture, but "more choice" does not equal "more reason to choose you first". Sharp focus can also strengthen CHOICE through Heuristic Recall, Occasion Authority and Enduring Meaning. The real advantage is not having more products, but whether the portfolio fits the business architecture and the consumer's reason to choose: breadth may strengthen structural endurance, while focus may strengthen decision priority.

Q7. Does "decoupling brand pricing from metal pricing" mean gold prices no longer matter?

No. Gold jewellery cannot be completely detached from gold prices. "Decoupling" means gradually building more gross profit, pricing rationale and repeat-purchase motivation around non-metal factors such as design, craftsmanship, culture, IP, service and experience. Gold remains a cost and value anchor, but no longer the only explanation.

Q8. Why does this white paper focus on Chow Tai Fook, Lao Pu Gold, Lukfook Jewellery and Lao Feng Xiang?

The four brands represent four different structural and mental pathways: Chow Tai Fook is premiumisation at scale; Lao Pu Gold is a high-choice challenger; Lukfook is a scale-supported internationalising operator; and Lao Feng Xiang is a legacy-scale transformer. These contrasts demonstrate the diagnostic value of SURVIVE x CHOICE better than a simple ranking by revenue or store count.

Q9. How should brand leaders use SURVIVE x CHOICE in practice?

First, establish a SURVIVE baseline using public operating and financial data and the objectified 3 / 2 / 1 indicator logic. Second, validate CHOICE through consumer research rather than relying only on desktop indicators. Third, place both on the same management map to identify gaps such as "structurally strong but no longer first choice" or "high desire but insufficient operating support". The true management priorities usually sit where the two frameworks disagree.

ABOUT MALOGIC

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MaLogic is a technology-enabled research and strategy consultancy with headquarters in Hong Kong and Shanghai. We integrate market intelligence, consumer insight, brand strategy, data analytics and proprietary technology platforms to transform complex questions into clear, actionable pathways forward.

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