

What's Hot Today:

► **Zhou Liufu (6168 HK, HK\$39.45, HK\$10.5bn) leading jewelry brand in the Chinese mass market**

Zhou Liufu (ZLF) is a Chinese gold jewelry company, which focuses on the mass market. Thanks to its franchise models and aggressive online expansion, revenue grew from RMB3.1bn in FY22 to RMB5.7bn in FY24, with a CAGR of 36%. Net profit increased from RMB575mn to RMB706mn, with a CAGR of 10.8%. The company ranked 6th by GMV and 10th by revenue in mainland China, with a market share of 6.2% and 1.0% respectively.

Online business has become the key driver. The company has actively expanded its online channels. Online revenue doubled to RMB2.3bn in FY24 from RMB1.1bn in FY22, with a CAGR of 46.1%. In FY24, online sales contributed 40.0% of total revenue, the highest proportion among all leading jewelry companies. ZLF has established official flagship stores on mainstream e-commerce platforms such as JD.com and Tmall, while also expanding its presence on emerging platforms including PDD, Douyin, and Kuaishou. Through continuous marketing on social platforms such as WeChat and Xiaohongshu, as well as live-streaming commerce and short-video marketing, ZLF has successfully attracted young consumers and strengthened its brand recognition.

Achieve rapid expansion through the franchise model. As of the end of 2024, the company operated a total of 4,129 stores, with nearly 98% of them being franchised. ZLF grants franchisees substantial operational autonomy, including sourcing products directly from authorized suppliers and full discretion over product assortment and purchase quantities based on localized market demand. The high authority franchise model helps ZLF achieve rapid and low-cost expansion, positioning it to become the s fifth-largest Chinese jewelry brand by store count. Under its franchise model, ZLF generates revenue through service fees and product sales to franchisees. In FY24, service fees contributed 14.8% of total revenue and 54% of gross profit.

China & HK Indices	CLOSE	1D	YTD
HSI	24,994	0.7%	24.6%
HSCAI	9,040	0.6%	24.0%
HSCCI	4,227	1.2%	11.8%
CSI300	4,085	0.7%	3.8%
Shanghai A	3,731	0.7%	-2.0%
Shanghai B	262	0.6%	-2.0%
Shenzhen A	2,276	1.0%	11.2%
Shenzhen B	1,261	0.6%	4.0%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	44,323	-0.0%	4.2%
S&P 500	6,305	0.1%	7.2%
Nasdaq	20,974	0.4%	8.6%
Nikkei Index	40,228	1.0%	0.8%
FTSE Index	9,012	0.2%	10.3%
CAC Index	7,798	-0.3%	5.7%
DAI Index	24,307	0.1%	22.1%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,397	1.4%	29.4%
STEEL (US\$/oz.)	2,160	2.3%	21.0%
SILVER (US\$/oz.)	38	2.0%	34.6%
CRUDE OIL (US\$/bbl)	67	-0.2%	-6.4%
COPPER (US\$/oz.)	9,860	2.0%	12.5%
ALUMINIUM (US\$/oz.)	2,646	2.7%	3.7%
PLATINUM (US\$/oz)	1,450	1.5%	59.7%
ZINC (US\$/oz.)	2,838	3.7%	-4.7%
WHEAT (US\$/bu)	542	-0.7%	-2.3%
CORN (US\$/bu)	422	-1.3%	-4.7%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,026	-0.9%	0.2%
PVC (US\$/t.)	N/A	N/A	-6.8%
CRB	304	0.2%	3.0%
BDI			105.8%

Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.855	147.380	0.798	7.170
HKD	0.127		0.109	18.774	10.165	0.913
EUR	1.169	9.180		172.330	1.072	8.384
JPY	0.007	5.326	0.580		0.542	0.049
CHF	1.253	9.837	1.072	184.712		8.982
RMB	0.139	1.095	0.119	20.552	0.111	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	16	-3.2%
Source: Bloomberg		

Flexible supply chain. The company is headquartered in Shuibei, Shenzhen(深圳水貝), which is a core cluster of the Chinese jewelry industry. ZLF has maintained an average 8-year partnership with its top five suppliers, ensuring an efficient and stable supply chain. Since April 2022, the company has fully implemented an outsourcing production model, further optimizing supply chain efficiency. All products, whether sourced directly from authorized suppliers or through company channels, must pass quality inspection before the sale.

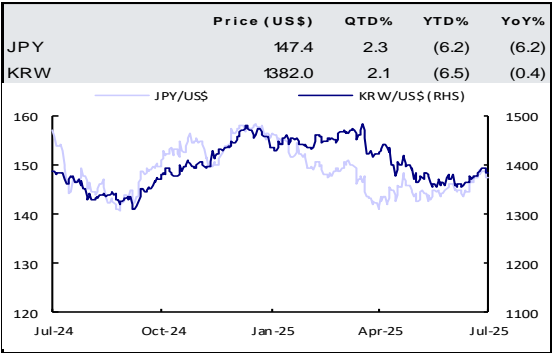
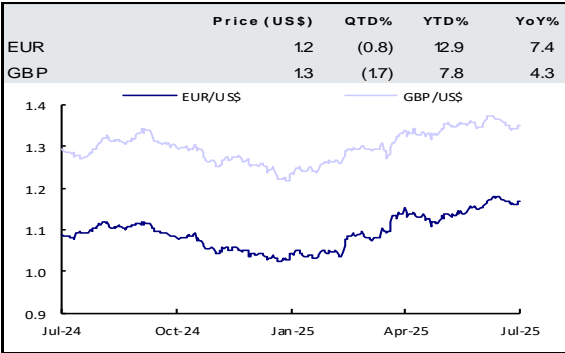
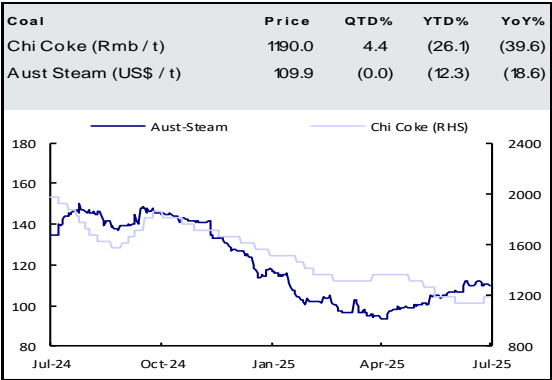
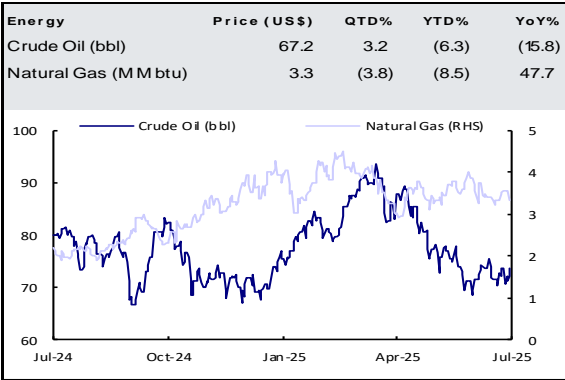
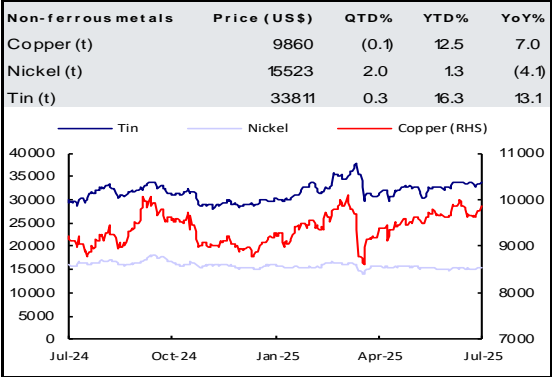
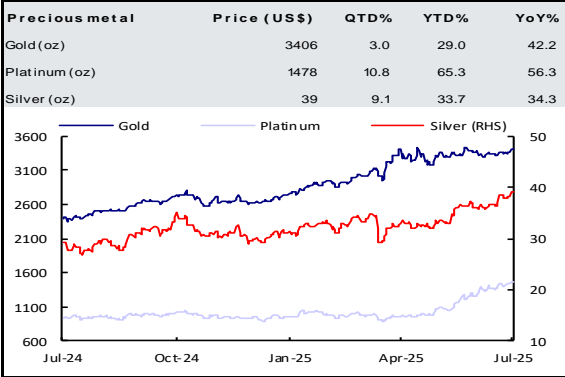
Our view: Despite more pressure from weak demand caused by high gold prices and competition from budget alternatives in Shuibei, we believe ZLF can maintain its momentum, thanks to its strong performance of its e-commerce business, high recognition in the low-end market and deep local customer insights. However, as the contribution of e-commerce business increases, the GPM may face more pressure. The counter is trading at 18x FY24 P/E comparing favorably with its peers as it has a superior growth rate (see table). (Ensley LIU)

Fig 1: comparison with peers

	Ticker	Market Cap(HK\$ bn)	PE(2025E)	Revenue(HK\$ bn)	Net profit(HK\$ bn)	NPM
Zhou LiuFu	6168 HK	10.5	18x(2024A)	6.23	0.71	11%
Chow Tai Fook	1929 HK	136	18x	89.66	5.92	7%
Lao Feng Xiang	600612 SH	22.3	17x	61.90	1.95	3%
CHOW SANG SANG	116 HK	5	6.4x	21.18	0.81	4%
Luk Fook	590 HK	12	8.2x	13.34	1.10	8%
Laopu	6181 HK	118	39x	9.27	1.47	16%

Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Existing Home Sales	MoM		23-Jul-25
Initial Jobless Claims	WoW		24-Jul-25
New home Sales	MoM		24-Jul-25
Durable Goods Orders	MoM		25-Jul-25
Wholesale Inventories	MoM		29-Jul-25
Consumer Confidence	MoM		29-Jul-25
GDP	QoQ		30-Jul-25
Personal Income & Spending	MoM		31-Jul-25
ISM Manufacturing PMI	MoM		1-Aug-25
Employment Report	MoM		1-Aug-25
Factory Orders	MoM		4-Aug-25
Trade Balance	MoM		5-Aug-25
CPI	MoM		12-Aug-25
PPI	MoM		14-Aug-25
Business Inventories	MoM		15-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
Housing Starts / Building Permits	MoM		19-Aug-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		31-Jul-25
Foreign Exchange Reserves	QoQ		7-Aug-25
Trade Balance	MoM		7-Aug-25
Money Supply - M2	MoM		9-Aug-25
PPI	MoM		9-Aug-25
CPI	MoM		9-Aug-25
Retail Sales	MoM		15-Aug-25
Industrial Production	MoM		15-Aug-25
GDP	YoY		20-Oct-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Trade Balance	MoM		28-Jul-25
GDP	QoQ		31-Jul-25
Money Supply - M2	MoM		31-Jul-25
Retail Sales	MoM		31-Jul-25
PMI	MoM		5-Aug-25
Foreign Currency Reserve	MoM		7-Aug-25
Unemployment Rate	MoM		19-Aug-25
CPI	MoM		21-Aug-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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