

Cobalt Fashion Opens Innovation Lab in Hong Kong

- *Lab will focus on driving innovation in the design, manufacture and sustainability of knitwear for the fashion industry*

Hong Kong, July 24, 2018 – Cobalt Fashion, (“Cobalt”), one of the largest knitwear groups globally yesterday unveiled their new CS Innovation Lab at their headquarters in Hong Kong.

A joint venture (“JV”) between the Fung Group and South Ocean Knitters Holding Limited (“South Ocean”), Cobalt combines the operations and resources of the two knitwear businesses to form one of the largest and most innovative knitwear suppliers globally. Cobalt is made up of four distinct knitwear divisions serving brands and retailers worldwide across a wide range of market segments from mass market to premium. The launch of their CS Innovation Lab coincides with the unveiling of Cobalt Centre, the company’s newly renovated office space which includes both the Innovation Lab as well as Design Hub.

The CS Innovation Lab is a collaboration between Cobalt and innovation partner Shima Seiki, the Japanese company behind the world’s most advanced computerized flat knitting machines. The Lab will allow the two partners to collaborate more closely on areas including advancing 3D and virtual design capabilities and driving efficiency gains in the design-to-production part of the supply chain.

Cobalt has many customers and partners throughout the supply chain who will benefit from the Innovation Lab’s R&D and it offers an environment to experiment and rapid prototype. The partnership leverages Cobalt’s market intelligence, sourcing capabilities and extensive knowledge in knitwear and yarn along with Shima Seiki’s advanced knitting technology. With a deep understanding of customer needs, the Lab will carry out highly specialized R&D and develop innovative technology and solutions to deliver quicker, more accurate solutions that address fast-changing market trends and needs, creating a win-win situation for everyone along the supply chain. Cobalt’s Design Hub and state-of-the-art Innovation Lab will service all the divisions under Cobalt Fashion.

“I’m thrilled to open the doors to our new CS Innovation Lab. Cobalt is innovation-led and the Lab enables us to discover the ideas, technologies and solutions to produce better materials and knitwear for our customers. Since joining forces with South Ocean last year, we have built a world-class knitwear company with design and production capabilities to supply the best global brands and retailers. In Shima Seiki, we have now found a strong technology partner. The Lab is an exciting next step in our journey to innovate and redefine the knitwear industry with cutting-edge knitwear technology,” said Leung Wai Ping, CEO of Cobalt Fashion.

“The CS Innovation Lab represents our passion and commitment to be innovation-led in how we deliver value to our brand and retail customers,” said Silas Chou, President and CEO of Novel Holdings Limited, the parent company of South Ocean. “Cobalt Fashion was formed on the foundation of a tremendous amount of synergy and the driving force behind that has always been a shared goal to drive innovation in knitwear that would benefit our customers and the overall knitwear and fashion industry - I’m very excited about the new ideas and opportunities that will come from this collaboration.”

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About Cobalt Fashion

Cobalt Fashion is the largest specialist in the knitwear industry. With speed and innovation at the forefront of Cobalt’s strategy, it uses the latest in digital technology and work processes to constantly redefine the knitwear industry. Cobalt was initially formed as a joint venture between Li & Fung (SEHK: 00494) and South Ocean Knitters Holding Limited in October 2017. Li & Fung later [completed a strategic divestment](#) of its three product vertical businesses, including its sweater/knitwear product vertical and they are now 55% owned by the Fung Group and 45% owned by Hony Capital. For more information on Cobalt Fashion visit <https://www.cobaltknitwear.com>.

About the Fung Group

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including sourcing, logistics, distribution and retail. The Fung Group comprises 39,900 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world's foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

Listed entities of the Group include Li & Fung Limited (SEHK: 00494), Global Brands Group Holding Limited (SEHK: 00787), Convenience Retail Asia Limited (SEHK: 00831) and a shareholding in Trinity Limited (SEHK: 00891). Privately-held entities include LH Pegasus, Branded Lifestyle Holdings Limited, Fung Kids (Holdings) Limited, Toys"R"Us (Asia) and Suhyang Networks. For more information, please visit www.funggroup.com.