FUNG GROUP

Fung Group looks to Open Innovation at its Latest Supply Chain-themed Hackathon

- Hackathon brings together internal and external experts to co-create solutions focused on global supply chains using real-life business data and challenges
- Hackathon is one example of Fung Group's commitment to creating a culture of open innovation to accelerate innovation and engage future talent

Hong Kong, June 25, 2018 - Fung Group, (the "Group"), a global leader in supply chain solutions whose core businesses include trading, logistics, distribution and traditional and digital retailing, wrapped its second Hackathon held at the company's headquarters in Hong Kong this past weekend. Branded *Hack The Rack*, the 2.5-day event brought together more than 70 students and professionals with expertise in UI/UX design, programming and data science in addition to industry partners and experts from across Fung Group to collaborate and prototype solutions that address real-life business challenges in the supply chain industry.

Participants were divided into 14 groups and presented with the following four business challenges to choose from: (1) develop a freight demand prediction model to help logistics providers optimize capacity and shipment plans; (2) identify a way to increase convenience retail sales through customer segmentation; (3) streamline quality control processes on the factory line; and (4) optimize digital image search capabilities. Building on the Fung Group's culture of collaboration and open innovation, participants were provided with mentors from businesses across Fung Group businesses and given access to real life business data.

Hau Lee, Chairman of the Board of Fung Academy, an internal think tank of Fung Group, said: "Technology is continuously changing the way we live, work and learn. All businesses must rethink how they work and operate to harvest the opportunities in today's new digital-first environment. Fung Group continues to evolve and is embracing a new mindset and culture based on collaboration and partnerships with the broader innovation community in Hong Kong and around the world. *Hack The Rack* is just one piece of a much bigger picture around our strategy and the leadership role we want to play in shaping the future of our industry."

Richard Kelly, Chief Catalyst at Fung Academy, added: "In a multinational organization like Fung Group, collaboration is fundamental to driving innovation. Our experts were really excited at the idea of collaborating with these bright young minds because these are the people who are changing the world and pushing boundaries. *Hack The Rack* was a great platform for us to test and experiment new ideas and engage a high calibre of talent that represent the future. Young people in Hong Kong need more opportunities like this."

Judging Panel
- Bertrand Chen, Group Data Scientist, CK Hutchison Holdings Limited
- Cally Chan, General Manager, Microsoft Hong Kong and Macau
- Wendy Chen, Founder & CEO, Omnistream Co.
- Rob Sinclair, President - Supply Chain Solutions, Li & Fung
- Sam Hui, Chief Financial Officer, Convenience Retail Asia
- Jun Villoria, Senior Vice President - LF Logistics, Li & Fung

Sponsors and Partners
- Technology Sponsor: Microsoft
- Hackathon Partner: ThinkCol

Winners
Champion: Team Reboot (Members: Matt O'Connor, Dhruv Sahi, Asher Stadlin-Robbie, Mark Larsen, and Chris Williams)

Challenge: To develop a freight demand prediction model to help logistics providers optimize capacity and shipment plans.

Project description: The champion of Hack the Rack is a solution called FR8-Mate which is a model with a dashboard component that uses data analytics to combine order data and third-party shipping APIs to predict volume for current and future orders. The result of a centralized system is better order tracking and visibility, which in turn increase container utilization to 90% and above, at the same time, allowing a more transparent price negotiation with carriers.

Team representative Matt O'Connor, Co-founder of Reboot.AI said "Big corporations like Fung Group that embrace data-driven solutions are poised to build lasting competitive advantages. More companies should jump on the trend to harness the power of machine learning and artificial intelligence for more impactful business strategy and success."

First Runner Up: Team Zuhlke Five (Members: Hassen Malek, Kevin Lo, Sascha Eglau Russell, JVM Gutierrez, and Moritz Gomm)

Challenge: To streamline quality control processes on the factory line and optimize digital image search capabilities.

Project description: An app with an optimized online-catalogue interface that groups and categorizes images using deep learning technology. The enhanced search functionality makes it easier for designers to look for images using their own language and provides them with inspiration on upcoming trends. Another feature of the app digitalizes the process of garment measuring by incorporating mixed reality technology into the process with Microsoft's HoloLens. The app effectively enhances the productivity and efficiency of the users with the help of the voice commands functionality which allow users to give instructions and commands control based on the focus of their gaze.

Team representative Moritz Gomm, Director at Zuhlke Engineering said "Hack the Rack really opened our eyes and it's amazing to see the diversity of business and products that Fung Group has. The fact that we are able to be involved to help solve a problem of a company of this scale and that they are so open and keen to our ideas and suggestions – that is to me, the best part of the whole experience!"

Second Runner Up: Team M3 (Members: Xiangdong Gu, Cecilia Lee, Victor Tong, Rachel Luo, Howard Chow, and JP Stevenson)

Challenge: To identify a way to increase convenience retail sales through customer segmentation.

Project description: Using AI, the Micro-Moment Maker (M3) combines data from Circle K's customer loyalty program and external sources including time of purchase, seasonality, news content, shopping habits, weather and others to create micro moments that inform product and promotions suggestions. These insights allow Circle K to influence buying decisions of shoppers in less than one to two seconds through the use of push notifications on their app.

Team representatives Cecilia Lee and Rachel Luo, who are both Data Scientists with Mass Mutual said: "We are really happy to be one of the winning teams and are glad to be working with such a diverse group of talent and people. It has been a very rewarding and eye-opening experience for us!"

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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.

Note to editors: *"Hack the Rack" is a Fung Group-led initiative and not led by Li & Fung Limited (SEHK Code 0494), Convenience Retail Asia (SEHK Code 0831) or any of Fung Group's other listed companies.*