

APPAREL AND ACCESSORIES

## Richemont sells Shanghai Tang to Italian businessman

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*Shanghai Tang was founded as a modern Chinese luxury label. Image credit: Shanghai Tang*

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By STAFF REPORTS

Swiss conglomerate Richemont has sold Chinese luxury label Shanghai Tang to Italian entrepreneur Alessandro Bastagli.

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Established in 1994, Shanghai Tang had been a wholly-owned subsidiary of Richemont since 2008. The transaction, for which terms were not disclosed, was completed on June 30.

### New ownership

Shanghai Tang was first founded as a bespoke tailoring atelier. Today, the company operates 48 boutiques that incorporate elements of Chinese culture into the shopping experience.

Richemont first bought a controlling stake in Shanghai Tang in 1998. It then bought out the remainder of the company a decade later.



*Shanghai Tang store. Image credit: Shanghai Tang*

The group has now sold Shanghai Tang to an entity controlled by Mr. Bastagli. According to [The New York Times](#), Mr. Bastagli owns other fashion companies as well as the textile firm Lineapiu Italia.

Mr. Bastagli plans to focus on international expansion for his new acquisition.

In a statement about the sale, Richemont said, "The transaction will have no material impact on Richemont's balance sheet, cash flow or results for the year ending 31 March 2018."

A result of changes in consumer demand and consumption habits, luxury conglomerate Richemont's wholesale channels saw challenges in 2017.

While the group's own retail sales grew 4 percent, its wholesale channels decreased 14 percent as the company underwent inventory buy-backs, primarily for its watches. Due to these measures taken to respond to the challenging environment, Richemont's gross profit also declined 4 percent ([see story](#)).