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APPAREL AND ACCESSORIES

Ferrari-owner Exor invests $96.7M in Shang Xia

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Shang Xia uses the felting process for Mongolian yurts to create warm coats and accessories in cashmere felt. Image credit: Shang Xia

By LUXURY DAILY NEWS SERVICE

Exor, owner of Ferrari, announced it will take a majority stake in Chinese lifestyle brand Shang Xia, launching the company to the next stage of development in partnership with Herms International.

Exor will invest nearly 80 million euro, or about $96.7 million at current exchange rates, in Shang Xia through a reserved capital increase that will result in it becoming the company's majority shareholder. Herms will remain as an important shareholder alongside Exor and Shang Xia founder Jiang Qiong Er.

"Within just a decade, Shang Xia has managed to position itself as one of the first Chinese brands on the international luxury stage," said Ms. Qiong Er, in a statement. "This has been achieved thanks to the consistent commitment of Hermes all along.

"As founder of Shang Xia, Exor joining our initial duo is a thrill as it will enable Shang Xia to pursue our dreams and ambition with more power than ever," she said.

Union of culture and luxury

Since its foundation in 2010, Shang Xia has established its reputation both in China and internationally for combining traditional Chinese craftsmanship with its distinctive interpretation of luxury.

Shang Xia has stores in exclusive locations in Shanghai, Beijing, Chengdu, Hangzhou, Shenzhen and Paris. The company plans to open new stories in Singapore and Taipei next year.

Bamboo marquetry creates an airy interplay of light and shade. Image credit: Shang Xia

With this agreement, Shang Xia will benefit from the support of two family-owned companies, one with French roots and one with Italian roots, both with a common culture of excellence and entrepreneurship.

Shang Xia represents a unique opportunity to build the first global luxury lifestyle brand of genuine Chinese heritage.

"We're delighted to be able to share with Shang Xia our experience of developing global luxury brands as well as the entrepreneurial spirit we bring to all our companies," said John Elkann, chairman and CEO of Exor, in a statement. "With Herms, we look forward to accompanying Jiang Qiong Er in the years ahead, supporting her in building a great company with the ambition to increase the appreciation of the contemporary creativity and traditional culture of China to a growing client base worldwide."

The investment is expected to complete by the end of 2020. Exor is also a shareholder of The Economist.

The majority of Western consumers have low awareness of China's own luxury labels, including Shang Zia.

With weak brand names, most Chinese luxury labels fail in the Western market. But a rising yuan brings even further disadvantages for these labels because exports appear more expensive and less competitive (see story).