

## Home Furnishing International Forms New Joint Venture Mattress Supplier

Palmetto Pedic, LLC Will Provide Foam, Mattresses, Foundations For Bedding & Upholstery;  
Veteran Executives Dr. Karl Li, Michael King Tapped To Lead New Firm

NEW YORK—Leading global fabric and home fashions manufacturer Home Furnishing International has formed a new joint venture, Palmetto Pedic, LLC, to provide conventional foam and memory foam, mattresses, toppers, pillows, foundations, adjustable bases and accessories to the United States bedding, upholstered furniture and automotive industries.

Home Furnishing International chairman and chief executive officer David Li also will serve as chairman and CEO of the new joint venture firm. Respected Chinese entrepreneur and scientist Dr. Karl Li has been named president of Palmetto Pedic, LLC, reporting to David Li; and veteran bedding retail buyer Michael King has been named executive vice president of marketing and merchandising, reporting to Dr. Li.

Home Furnishing International, a privately held vertical fabric and home fashions supplier with annual sales estimated in excess of \$200 million, is the majority shareholder of the new company. Palmetto Pedic, LLC has been formed in partnership with a group of investors who own seven foam, mattress, bedding and accessories manufacturing facilities in China totaling more than 3 million square feet.

“The U.S. foam mattress and bedding market represents a huge, untapped opportunity for expansion, and we feel that this new company will help us maximize our potential for growth on a global scale,” explains David Li. “These investors already own and operate state-of-the-art vertical research and design operations, materials manufacturing factories, and finished product manufacturing plants, as well as marketing, sales and distribution facilities in China. These plants have established relationships and supply, directly or indirectly, specialized foam products to many top-tier customers worldwide, including some leading U.S. mattress manufacturers and importers, as well as luxury automobile maker Mercedes-Benz; automotive giant General Motors; intimate apparel trendsetter Triumph; and global consumer innovator 3M.

“Home Furnishing International has a long history of manufacturing in both the U.S. and China; we have the operational infrastructure, a mature and experienced labor force, and the extensive retailer and supplier connections that will enable us to quickly get up to speed and capitalize on the growth prospects in the American bedding, upholstery and automotive markets,” David Li continues. “We are already taking orders for mattresses, and expect to begin trial manufacturing foam bedding at our Gaffney, SC plant in April. We expect to begin pouring our own foams in Gaffney by the third quarter of 2019.”



Dr. Karl Li



Michael King

Over the past two years, Home Furnishing International has more than doubled its U.S. manufacturing and distribution facilities in Gaffney, which now total more than 600,000 square feet in two locations. Approximately 50 percent of the Gaffney plants will be dedicated to Palmetto Pedic, LLC manufacturing and distribution, which will focus on providing conventional foam, memory foam, components and finished products to leading American manufacturers as an OEM supplier.

The new joint venture, with its U.S. manufacturing base, comes at a critical time of transition for the American market, due to the turmoil and unpredictability created by the U.S. International Trade Commission's antidumping investigation of finished mattresses from China. Based on the ITC's preliminary report, the U.S. Department of Commerce is expected to impose steep antidumping duties of at least 150 percent or higher on imports from China by late May.

"With antidumping duties pending on Chinese mattresses, the manufacturers and their existing U.S. customers are facing an uncertain future," David Li explains. "By combining the research, development and technological expertise of these Chinese investors with Home Furnishing International's modern U.S. manufacturing facilities, we believe we can become a leading supplier to the American bedding market." HFI currently is a major provider of decorative pillows, window treatments, home décor, accessories and decorative fabrics for the U.S. market.

Expert Chinese scientist Dr. Karl Li will serve as president and chief merchandising officer for Palmetto Pedic, LLC. Dr. Li is a well-known pioneer in the field of foam research and development, credited with holding more than 100 patents in the field. He also serves as professor of Physical Chemistry at the Huaiyin Normal University (China.)

"When I first started my career in 1991, I was primarily interested in pure scientific research into materials physics and chemistry," Dr. Li notes. "However, I became increasingly interested in how the materials that we were developing could be used for products that would actually enhance people's quality of life. In 2001, I started to look into practical consumer products and ways to translate the new technologies that we were developing in conventional foam and memory foam into finished products.

"Two years later, we successfully entered the Japanese market with a line of multi-functional memory foam mattresses – which are similar to those in the USA – and pillows; these products incorporated a number of technological innovations, including photo-catalyst antibacterial functions, bamboo charcoal deodorization functions and other features," Dr. Li continues. "In 2013 we started to sell memory foam mattresses and bath mats to selected American customers as well. With the formation of Palmetto Pedic, LLC, I believe we will be able to develop a much wider spectrum of products to serve the needs of the large American consumer population, as well as build our business internationally." As president of Palmetto Pedic, LLC, Dr. Li will split his time between research facilities in China and the company's U.S. manufacturing plant in Gaffney.

David Li points out that the formation of Palmetto Pedic, LLC will allow Dr. Li to bring his scientific and technological expertise to the broader American consumer market, comparing the situation to having a top chef opening and running a trendy restaurant chain: "As the scientist 'cooking up' major innovations in foam research and manufacturing, Dr. Li will bring his imagination, creativity, technical knowledge and originality into the American bedding market, developing new products to benefit our customers as well as the ultimate consumer," David Li notes.

Technological expertise is just one part of the equation, however; Palmetto Pedic, LLC also will benefit from having an experienced retail executive in a high-profile role. Michael King, who has been the bedding buyer for preeminent department store group Macy's for the past 26 years, will serve as Palmetto Pedic, LLC executive vice president of marketing and merchandising. Prior to joining Macy's, King was a bedding buyer for Frederick & Nelson for 11 years; he started his career at May Company in Denver. King will be based out of HFI's showroom at 295 Fifth Ave., New York, NY.

“There have been major changes in the bedding industry over the past few years, with dramatic shifts in the channels of distribution and the ways in which consumers purchase mattresses today,” King asserts. “These shifts present tremendous opportunities for Palmetto Pedic, LLC to become the foremost OEM supplier of foam mattresses and accessories to major U.S. bedding manufacturers.

“Given all of the disruption in the mattress market – especially with the antidumping duties looming in the background – U.S. manufacturers have a very real and pressing need for a reliable supplier who can provide superior service, speed and consistency,” King adds. “Palmetto Pedic, LLC is strategically positioned to become that leading supplier.”

David Li also expects Palmetto Pedic, LLC to capitalize on Home Furnishing International’s leadership position in the decorative fabrics market. “No other supplier has the vertical capacity that HFI has in the fabric market...and mattresses need to be covered in fabric,” he observes. “HFI is recognized as a world leader in the fabric industry, producing more than 300 million yards of fabric every year.

“We are well-known for technological innovation and developing proprietary yarns that offer superior performance characteristics as well as being environmentally friendly,” he continues. “We will be working closely with our U.S. customers to develop specialized fabrics for the mattress market in order to take that business to the next level.” In addition to its U.S. manufacturing and distribution plants, HFI currently operates more than 1 million square feet of manufacturing facilities in Rugao, China, encompassing weaving, dyeing, printing and finishing, as well as finished product production.

“The foam industry is a very capital- and technology-intensive industry,” Li adds. “We are positioning HFI and Palmetto Pedic, LLC to become a world-class player in this very competitive business.”

**About Home Furnishing International:**

Home Furnishing International entered the U.S. home furnishings market in 1995 with the formation of American Decorative Fabrics (ADF), a major decorative fabrics supplier. The Home Fashions International (HFI) division debuted in 2001, providing home fashions and window treatments to leading retailers in virtually every major channel of distribution, including mass merchants, national chains, department stores, specialty retailers and catalogs. HFI added a decorative accessories division in 2005, expanding into decorative pillows, table linens and pet beds. ADF-HFI unified its corporate identity under the Westgate brand in 2006, and added freestanding window treatments and bath fashions in 2007. The company expanded into the outdoor market in 2015, developing an extensive line of performance fabrics, cushions, decorative pillows and accessories. The company supports its U.S. business with a manufacturing and distribution center totaling more than 600,000-square-foot in Gaffney, SC, as well as a major showroom in New York City, a dedicated fabric showroom in High Point, NC, and more than 200 U.S. employees. The Chinese division manufactures more than 300 million yards of fabrics annually and employs more than 1,000 people. Home Furnishing International also owns its own distribution company in Brazil; and the company currently exports decorative fabrics, apparel fabrics and finished home fashions to more than 80 countries around the world.

*High-resolution images available upon request.*

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