

Novel Coronavirus (2019-nCoV) – Impact to Global Supply Chains – UPDATED 11/02/20

Ventec is monitoring the developing situation following the outbreak of the Novel Coronavirus (2019-nCoV) in Wuhan, Hubei Province, Peoples Republic of China (PRC). The China government has put in place well reported travel restrictions around Wuhan and Hubei province to limit the opportunity of the virus spreading. Ventec's mainland China facilities are centered in and around Suzhou in Jiangsu Province, with a pressing facility in Shenzhen, Guangdong Province, both of which are many miles from the center of the outbreak.

The PRC has officially returned to work following the vacation for Lunar New Year / Spring Festival holiday. But central and local governments continue to restrict the movement of people, particularly from those provinces with the highest infection rates, and factory opening restrictions remain in some cities.

And as of the date of this update, the status of our mainland China / PRC facilities is as follows:

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|--------------|--|
| Suzhou: | Opened Monday 3 rd Feb – Operational with reduced head count - remaining workers are expected back on 23 rd Feb after extended quarantine period |
| Jiangyin: | Opened Monday 10 th Feb – Operational with reduced headcount – remaining workers are expected back on 23 rd Feb after extended quarantine period |
| Shenzhen: | Remains closed due to local government restrictions |
| PRC Masslam: | Remains closed due to local government restrictions |

Logistics Update:

Government travel restrictions continue, which is limiting the availability of delivery drivers available for moving goods to airport or ports. This reduction in capacity is currently adding c. 3-4 days to lead times.

China Customs, reopened on Monday 3rd Feb, with reduced manning levels, in line with government guidelines to limit the transmission risk to its employees, and extended customs clearance times can be expected for the next 12-14 days. A number of airlines have announced cancellations, to some, or all flights to/from China mainland, at least until the end of February / early March. This reduction in airfreight capacity could further impact on transit times, and price increases for air shipment are starting to be passed on as available capacity is significantly reduced. The net negative impact to lead-times currently stands at around 5-7 days for shipments from our China manufacturing facilities. Based on current information, we expect this situation to remain stable until the end of February / early March.

Whilst it is impossible to give a guarantee of zero disruption to supply chains, Ventec continues to be well placed to manage continuity of supply to its worldwide customer base from its Global network of distribution and service centers, which carry extensive inventories tailored to the needs of its customers in each region. Additionally, Ventec has manufacturing capability and capacity in Taiwan, that can be used to support the mainland China facilities, should this become necessary as the situation develops.

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