

Dear Friend,

The Novel Coronavirus outbreak is profoundly concerning.

As your industrial partner, by this official statement, we intend to inform you about the Homa Appliances crisis action plan.

First of all, Homa adheres to the guidance from relevant authorities, and we are putting in place a series of measures to protect the health of the workforce, a coordination team is monitoring the situation and will act if necessary.

The National and Local authorities are making the maximum effort to manage the situation better.

The complexity of the situation does not allow us to make precise forecasts. Still, we are closely monitoring the status, and at the moment we can reassure you that deliveries for the next two months will not be affected.

A certain level of incertitude, not depending from Homa, is how long the travel ban from some areas lasts and whether it will affect the ability of workers who have travelled home to other parts of China for the holidays to return and for our factories to resume operations.

Based on the above situation to better plan the restart of the manufacturing operations, we decided to extend the Lunar New Year factory vacation until the 3rd of February.

Furthermore, we would like to inform you that: to ensure the highest level of service for the resumption of activities after the holidays, regardless of the unexpected onset of the Novel Coronavirus, in December and in the first weeks of January we have decided not to reduce the staff and increase our buffer stock.

Thanks to this decision, we have taken steps to anticipate production of part of the February order portfolio.

We take this opportunity to inform you that: to ensure an excellent level of service for the seasonal peak of the Northern Hemisphere; we have carefully planned the staff needs for March: compared to the same period of the previous year we had decided to have our production capacity increased by up to 300,000 units.

The overcapacity, as mentioned earlier, can now be considered as "preventive insurance" in the event of an unexpected and unpredictable prolongation of the critical issues related to the so-called "2019-nCoV" epidemic.

Please consider that the situation needs continuous monitoring, summarising the situation:

*1- Guangdong does not currently appear to be fiercely attacked by the virus.*

*2- We will resume operation from the 3rd of February, with the permit and guide of local authorities. This helps our factory Management to optimise the resources.*

*3- Some of February orders have already been produced. The stock is not homogeneously apportioned; more detail will come.*

*4- The production capacity of March being set on "overcapacity mode" ensures us, at the today situation, a right safety margin.*

*5- Homa procurement team is now opening a "crisis chat room" with our primary suppliers to prevent or anticipate possible supply chain disruption. More detail will come.*

The continually evolving situation prevents us in declaring definitive status; we keep on surveying and adapt our solution to changing reality.

If new and relevant events occur, it will be our duty to inform you through official statements.

With the sincere hope that the epidemic will not get worse, the Homa sales team is at your disposal.

We appreciate your time.

Homa Appliances Co., Ltd.