



Date: February 24th, 2020

Vietnam Fortress Tools JSC

Timothy Hsu

tim.hsu@fortresstools.com.vn

IMPACT OF NEW CORONAVIRUS (WUHAN VIRUS) ON VIETNAM FORTRESS TOOLS

Positive: Orders have surged from these customers:

1) United States: American customers have already transferred orders to Vietnam because of the US-China trade war. Now the instability of China's supply chain is worsening, causing other US customers who have not completed the transfer of orders to step up their actions and withdraw from China.

2) Europe: Large European customers have transferred orders to Vietnam because Vietnam is duty-free. Now with the virus problem, other European customers will shift more to Vietnam. Recently, the European Parliament voted to pass a free trade agreement with Vietnam. Vietnamese products are almost duty-free and will also allow European customers to strengthen their procurement from Vietnam.

Negative: China's supply chain is unstable.

1) Suppliers in various regions have not resumed work in the short term.

2) Vietnam cargo clearance and quarantine are time-consuming and expensive.

Fortunately, our main supply chain is in Taiwan, followed by Vietnam. There are not many parts in China, and alternatives can be found in Taiwan or Vietnam.

NEWSLETTER



About Vietnam Fortress Tools

Vietnam Fortress Tools JSC (Fortress) was established in 2006 and is the world's leading manufacturer of gardening tools with over 90% of our products exported to the North American and European markets. Fortress is a member of Formosa Tools Co., a Taiwanese company founded in 1974 by the Hsu family. Fortress currently has two factories located in Thai Binh province (north of Vietnam) that serves as the main production hub for Formosa Tools.