



UNPRECEDENTED

- *a message from Wilson Zhu*

March 29, 2020

Dear Global Supplier Partners:

As an industry, we are experiencing an unprecedented disruption we have never seen before with the coronavirus quickly spreading around the world and has become a pandemic.

As a result, sourcing and production countries such as China, Vietnam, and Korea, are going through the first wave of challenges resulting in city lockdowns, travel restrictions, stopped production and loss of jobs in addition to lost lives.

Just as these countries started to see the light at the end of the tunnel, and factories reopened, the coronavirus quickly hit the rest of the world, including India, Bangladesh, Pakistan and Sri Lanka and of course America and Europe.

As a result, stores are closed on the market side; while more and more factories are shut down on the production side. The speed and scale of the disruption is unprecedented in the history of our industry.

Both sides are struggling to deal with this perfect storm. Suppliers are starting to receive requests for cancelations, delayed shipment and extended payment terms. Our supply chain is literally facing a life and death situation and we are in danger of losing the foundation we have built together in the past decades; in danger of losing thousands of lives and millions of jobs.

Wherever there is danger, there lurks opportunity.

President John F. Kennedy made these two Chinese characters, **危机**, famous around the world by saying “In the Chinese language, the word ‘crisis’ is composed of two characters, one representing danger and the other, opportunity”.

Let us grab the opportunity, together.

Now is not the time to complain, but a time to show the power of our empathy; It is not a time to point fingers; but a time to hold hands; It is not a time to talk partnership, but a time to walk the partnership.

What should we do?

First of all, let us seek to understand and then to be understood. Let us understand why our customers are taking so many decisive and dramatic actions. Many of you may have known that I had worked for retailers in the U.S. and Canada for more than 30 years. What you may not know is that in countries like the U.S. and UK, retail is one of the biggest employers. In the US alone, some 16 million people work in the industry.

So, our customers are quickly doing as much as they can to protect their people by closing stores. Others are under government orders to close down – similar to the situation many of you face with closed factories. They also want to protect their employees' jobs and keep their business afloat by reserving cash just like you.

In doing so, they will ultimately protect, you, their suppliers. As a Chinese proverb says, “When the skin is gone, the hair has no place to grow.”

Secondly, let us work together and find other alternatives. Li & Fung has been partners of both sides for 113 years. We understand your pain and we are here to help where we can.

Our account management team has been working tirelessly to find solutions to reduce your pain such as moving out orders instead of canceling them, partial payment for finished goods, keeping fabric for next year, paying-now-and-collecting later, selling off in local markets, the list is endless. Our CEO and senior executives together with country leaders are talking to government officials and industry associations to help get your message heard.

I am pleased to report that our customers, industry associations and governments are listening and are responding. We will continue our efforts tirelessly and creatively with both sides.

Thirdly, while the disruption is unprecedented, I am pleased to see governments globally are stepping up with unprecedented rescue packages.

Recently, the prime minister of Bangladesh announced an unprecedented stimulus package of \$600M to help export industry while the U.S. Senate approved the \$2 trillion bill, the largest economic stimulus package in recent memory, followed by a massive \$82B package announced by Canada. Leaders of the Group of 20 major economies pledged on Thursday (26 March) to inject over \$5 trillion into the global economy to limit job and income losses from the coronavirus and “do whatever it takes to overcome the pandemic.”

Last but not least, I ask you to stay positive. There is nothing more powerful than positive thinking during the time of unprecedented crisis. Lately I have been praying for you, for our customers, for the industry we all love so much, for Li and Fung and myself and my family at least twice a day.

Let me share with you my prayer that I have been using for more than 40 years. It is a little poem from the book “*Think and Grow Rich*” by Napoleon Hill.

Here it goes:

Think & Grow Rich

“If you *think* you are beaten, you are,
If you *think* you dare not, you don’t.
If you like to win, but you *think* you can’t,
It is almost certain you won’t.

“If you *think* you’ll lose, you’re lost,
For out in the world we find,
Success begins with a fellow’s will –
It’s all in the *state of mind*.

“If you *think* you are outclassed, you are,
You’ve got to *think* high to rise,
You’ve got to *be sure of yourself* before
You can ever win a prize.

“Life’s battles don’t always go
To the stronger or faster man,
But soon or late the man who wins
Is the man *WHO THINKS HE CAN!*”

Sincerely,



Wilson Zhu

Chief Operating Officer

Li & Fung

T +86 189 1821 0188

wilsonzhu@lifung.com

www.lifung.com