



August 28, 2018

RE: PRICE INCREASE ANNOUNCEMENT DUE TO PUNITIVE TARIFF ON CHINESE IMPORTS

Dear Distributors,

Since July 6, 2018, the US government has implemented a series of 25% punitive tariff on selected products imported from China. As of August 23, 2018, it started imposing 25% tariff on self adhesive tape products with plastic backing. This action inevitably causes huge interruption in our supply chain and spike in our overall costs. Even though we've started the preparation by building up inventory before the deadline and looking for alternative suppliers outside of China, as soon as we learned in June of the possible actions to be taken by the government, many of our products are not easy to be switched to factories in other countries, because of availability, quality, and/or production capacity. As a result, we regret to inform you that effective **September 24, 2018**, we will implement price increase on products affected by the tariff. Please see below for the list.

Product Line	% of Increase
Double Sided Film Tape (DL13C, DL35C, DL48C, DL49W)	15%
Double Sided Foam Tape (DF2AW, DF2BW, DF2CW)	15%
Double Sided Transfer Tape (DR12C)	15%
Color Vinyl Tape (SV260, SV265)	15%
Filament Tape (RG845 & RG847)	15%

There is another round of tariff planned on more products from China, and we estimate that the final decision will be announced by the government sometime in September. As soon as the effective date and percentage of tariff are known, we will follow with another notice.

We at QSPAC hope that this punitive tariff is only a temporary measure, and that both sides can reach an agreement and restore things back to normal soon. Out of this belief, we are passing on only partial of the impact to our distributors. If this trade war prolongs, we do not rule out the possibility of having additional price adjustment. Also, once the punitive tariff is lifted, we will assess our inventory situation and roll back the price accordingly.

Should you have any question regarding this increase, please feel free to contact your sales representatives.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joe Tang', is written over a horizontal line.

Joe Tang
President