



April 26, 2021

RE: LONGER LEAD TIME AND SUPPLY DISRUPTION

Dear Customers,

First of all, it is not a price increase notice. We just want to take this opportunity to update you on the current situation.

The COVID-19 pandemic has brought upon us many things that we'd never experienced before. In addition to wearing masks, social distancing, and no more business trips, the disruption in supply chain and the subsequent record high prices in almost everything are way beyond our imagination in the beginning.

As far as carton sealing tape goes, there's a global shortage on BOPP films. Because of that, we are facing long delays in our shipments from the factories. It is especially so for our hot melt tapes. Currently, we are prioritizing shipments based on first come first serve, and restricting order quantity. Barring any unforeseen development, we are hoping the situation to get better in June or July.

For UPVC natural rubber tape (BS222 & BS224 bag sealing tapes and custom printed tapes), the supply is extremely tight. The production of this product is concentrated in Europe. After the main UPVC film factory had a fire accident last year, the supply chain was completely disrupted. We just received a notice last week from our supplier that any new order received now won't be shipped out from Europe until October. This shows you how bad the situation is. We are doing the best we can to keep the products in stock, but do foresee that the supply will be sporadic throughout the rest of the year. Based on all the information available to us, we are not expecting to see any improvement until 2022.

Stretch film has also been hit hard by the unforeseen events of the past 12 months. Most recently the Texas Freeze of 2021 forced PE resin plants to shut down, creating an enormous resin shortage. The resin plants are starting production again however the reopening process has been slow and tedious. PE resin supply has still not met the current market demands, leading to further delays and increased prices on PE products including stretch film. Stretch film manufacturers are hoping to see some relief in June or July.

We will continue to do our best to keep items in stock and service our distributors.

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

Sincerely,

A handwritten signature in black ink that reads "Vic Lee". The signature is written in a cursive, flowing style.

Vic Lee
Director, Packaging Division