

● Overview of products and processes

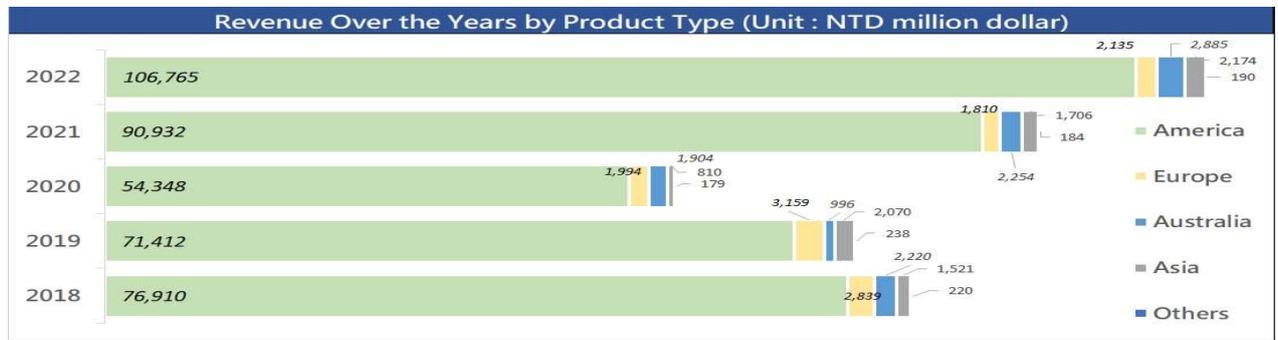
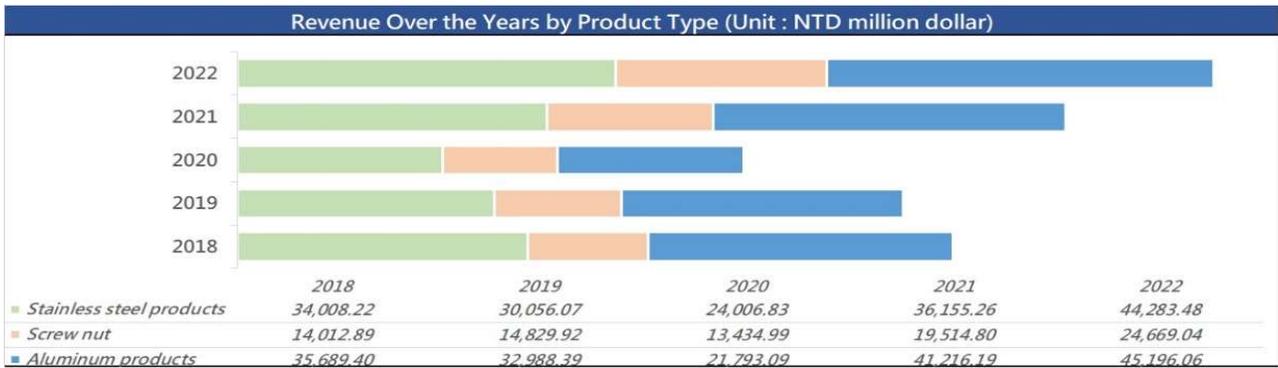
At present, apart from stainless steel products and screws/screw-nuts as our main products, when we acquired Empire Resources Inc. (ERI) in 2017, we expanded our product lines to include aluminum products as ERI used to be the 2nd largest distributor for aluminum sheets/coils in the U.S. 2018 was the first fiscal year after the acquisition and merger and turnover for the year reflected the benefits of the merger, as the sales figures and volume of sales for aluminum products grew substantially. This in turn has led to the growth of stainless steel products and screws/screw nuts. In 2018, we managed to acquire the primary operating asset of Alumax Mill Products, Inc. under Arconic Inc., and thereby officially forayed into aluminum sheet/coil production in the U.S. However, due to the impact of the COVID-19 pandemic, the Company has adopted a relevant inventory control mechanism to reduce operating budget and costs. In 2020, the Company significantly reduced the manufacturing volume of relevant products while monitoring the development of the pandemic closely so as to be fully prepared. The Company will take stainless steel products, screws and nuts, and aluminum products as the group's three flagship products and actively improve the sales of our aluminum products to turn them into the group's main source of revenue growth.

The company is one of the key domestic distributors of seamed stainless-steelstainless steel pipes and accessories. Approximately 100% of our finished products are exported to other countries, primarily the U.S. market. Other regions, including Europe, Australia, Southeast Asia, Africa and Israel, also contribute varying percentages of our distribution. Stainless steel pipes and accessories are mostly used in petrochemical and food industries due to stainless steel's corrosion and rust resisting nature. And as such, numerous industries have gradually switched and adopted stainless steel pipes to prolong their product lifecycles and the market certainly has the potential for further growth. We shall continue to deliver outstanding product quality and achieve economy of scale with our distribution network, thereby boosting our market competitiveness.

Apart from our existing stainless steel, screws and nuts, and aluminum products, in 2019, the Company made a strategic investment in Ta Chen Lung Mei Home Life Co., Ltd. - a leading name in curtain products in Taiwan. This move effectively brought together the PVC window blind products that the Company has been exporting to the U.S. for more than 15 years to more than 70 operating locations across Taiwan under Ta Chen Lung Mei Home Life Co., Ltd. Through the integration of the two companies, we hoped to bring our PVC window blinds to the curtain market and further expand our business. For the purpose of making production and sales more efficient, we have made plans to place the raw material production for curtain boards and the assembly of customized products to be completed in one plant. We utilize information system to monitor the production progress of each order overcoming the risks of delayed delivery for customized production orders. It can greatly increase the company's competitiveness. We have also completed the optimization of automation for the packing configuration of the curtain plant. For the window blinds that we are currently manufacturing, in addition to offering high-quality products that come with a 10-year warranty, we are able to reduce the foaming ratio (i.e. volume/weight after foaming) without altering the physical strength of our window blinds through product development. By progressively improving our products, we have, as of the present, reduced PVC use per unit area by a total of 5.14% cumulatively. The Company will assess the feasibility of introducing post-consumer recycled (PCR) plastics with consumer acceptance and the overall material development trend taken into account to reduce the use of virgin plastics.

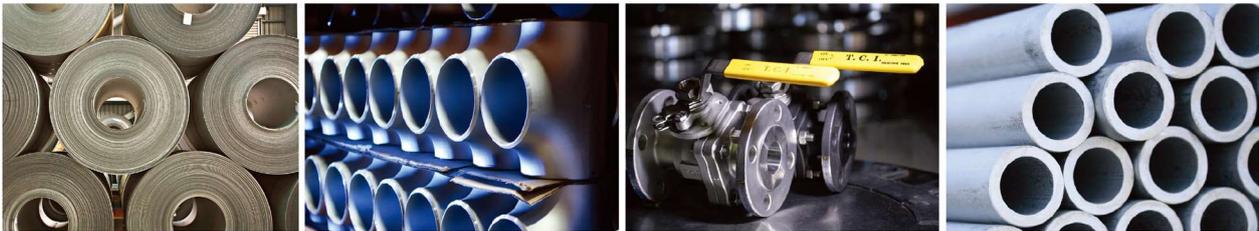
Statistics on Production Over the Years (Unit: in tons)



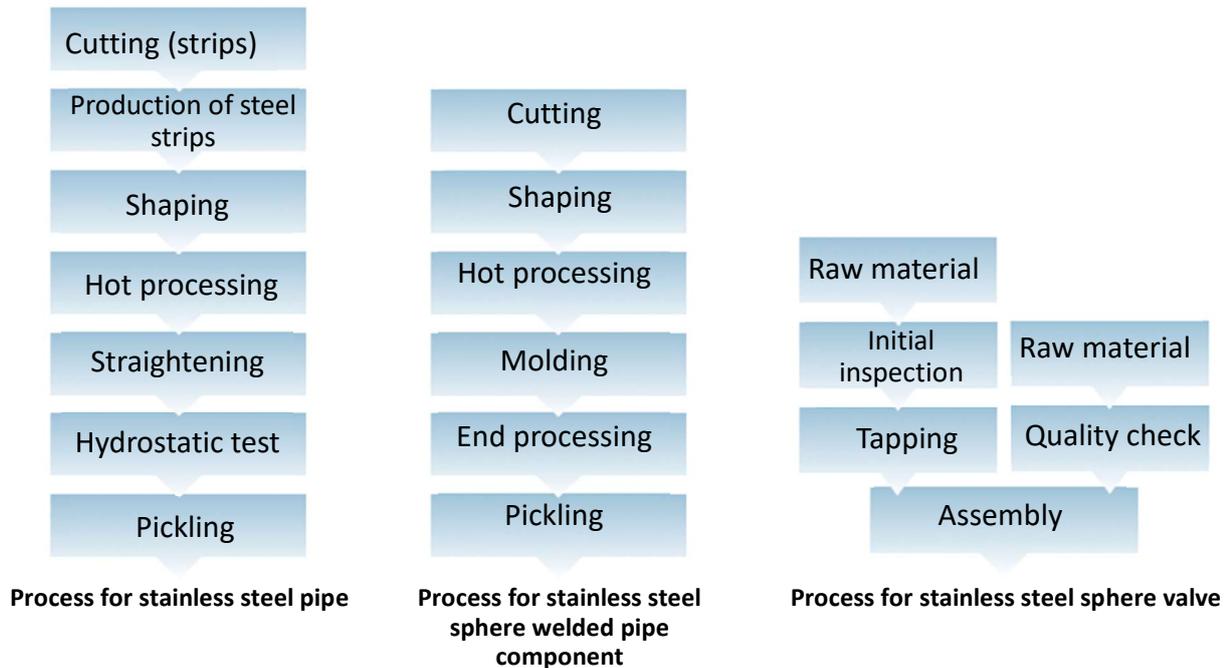


Major contents of the Company's business

- Production and sales of products such as stainless steel pipes
- Production and sales of products such as stainless steel pipe joints, flanges, valves and fasteners
- Manufacturing and processing of plastic curtain boards



Production process:



Channel Management

Warehousing Centers



The development of the international channel industry is moving towards the operation of “Global Logistics”, especially for global cross-national, large OEM leading enterprises. OEM end-users have been focusing their internal resources on core operations while outsourcing the rest of its operations to external professional channel industries in response to global competition. By doing so, they were able to reduce a significant number of suppliers while outsourcing non-core procurement items such as raw materials or components to a single or selected few quality professional channel enterprises in the way of turnkey by signing a long-term supplying contract, forming a long-term partnerships. Through Vendor Managed Inventory (abbreviated as “VMI”), the Company gets to significantly improve the scope of its services. Channel enterprises are responsible for tasks including the continual lowering of costs for purchase, be accountable for product quality for products that require no inspection, construct and manage inventory by request, manage suppliers by request, provide JIT delivery, so as to lower overall cost and achieve the goal of JIT production, sales and delivery.

Under the global operations of Ta Chen Stainless Pipe, we understand that professional wholesalers and distributors are faced with huge inventories and overstock capital. Hence, it is necessary to seek for one-time wholesaler for collaboration support forging partnership to facilitate operations. The one-time wholesalers are moving towards the goals of developing logistics management and electronic business. They also want to effectively lower the inventory cost with business goals of “one-time procurement” and “customer virtual warehouse” to support the inventory needs of professional wholesaler or distributor at anytime. Under such circumstances, the one-time wholesaler will integrate the inventory needs of the professional wholesaler or distributor getting hold of more procurement power. This allows them to have more room for negotiations to lower the costs and drive the professional channels to become more competitive and advantageous.

Information Platform

For the objective of making quicker responses to the needs of upstream and downstream customers, Ta Chen Stainless Pipe began to integrate each of its business flow function. A highly integrated supply chain channel system is formed through joint planning and process and information exchange on operation and strategy aspects enabling a huge increase in the overall performance of the channels. Product added-value is elevated by introducing information management system. The system conducts big data analysis and uses analytic technologies on customers’ past record of use and habits to gradually build information on the habits of our customers. With sufficient understanding of the needs of customers, we can provide

customized products and services. Through a seamless information management system, the Company is able to provide relevant functions and information such as customer service, product quotation and inventory management that work as our competitive edge in channel deployment.

The Company has set up distribution management platforms in both Taiwan and the U.S. to provide convenient and fast online purchase services for customers. Naturally, efforts have been made to ensure adequate security protection for our information system to guarantee the security and safety of our customer's transactions. We have also established our remote backup system that is operating around the clock to act as a backup server should our mainframe encounter any situation so that we can provide uninterrupted services to our customers. Backups of all accounts and transaction records are created regularly to prevent loss of key data in the archives due to unexpected events.

Inventory management	Price and quantity management	Customer service	Accounts receivable
<ul style="list-style-type: none">•Precise inventory control•Versatile delivery	<ul style="list-style-type: none">•Differentiated pricing strategy•Real-time distribution monitoringGlobal online distribution	<ul style="list-style-type: none">•Online price inquiry and order placement•Real-time shipping and shipment tracking	<ul style="list-style-type: none">•Credit line control•Online order amount control

● Customer service

One of the goals that we have had since our initiation is to provide satisfactory products and services to our customers because we appreciate the fact that by creating maximum value for our customers, we will earn the trust and support of other prospective customers, which we will need to expand our client base and distribution volume. And as such, the Company has been aggressively building its platform for marketing and services by pooling the group's resources to deliver comprehensive presale, mid-sale and after-sale services. The Company is committed to improving its expertise and speed of delivery while managing customer relationships, accumulating talents and experience to create higher customer satisfaction. Each year, the Company conducts customer satisfaction surveys to all customers that have engaged in business transactions with the Company and are not from our affiliated companies. Results of the survey would serve as the basis for relevant improvements and supervisions while enabling us to better understand customer needs so that we can improve relevant operations. This helps us to achieve win-win with our customers and facilitates an increase in the Company's overall profits. We have over the course of the past years, successfully communicated on the reduction methods for packaging materials with our customers. In the future, we will continue to think about methods to make packaging more environmental-friendly contributing to waste reduction and enhancement of container stuffing and de-stuffing efficiency.

Customer Satisfaction

Starting from 2020, the Company began conducting a customer satisfaction survey yearly (prior to 2019, the survey had been conducted twice each year). Surveys for TCI and other customers have been carried out in isolation to ensure that the results better reflect customers' opinions and feedback. The survey contained questions for five areas of satisfaction: product appearance, quality and dimensions, quality and applications, service, and delivery time. For categories that scored below 75 points on average, individual questions that scored below 60 points on average of any individual customer that gave below 70 points in the survey, responsible personnel will complete a Customer Satisfaction Suggestion Handling and Follow-up Form to facilitate continual improvement. In 2022, we scored an average of 87.05 points in our customer satisfaction survey. Because the inventory level is sufficient, it can still meet the needs of customers, the scores for the

other four facets were roughly equivalent to those in 2021, reflecting compliance with the requests and expectations of the customers.



● Product Development and Quality Management

Product Certification

We started the implementation of the quality management system in 1994 and passed the ISO9001:2015 certification in 2018. The effective period of the certificate expires in 2024. In addition, the U.S. National Science Foundation is committed to the maintenance of public health, public safety and environmental protection. It has established relevant standards for operations pertaining to food, water, indoor air quality and environment. Among these standards, the stainless steel pipe products distributed by the Company is applicable to the “NSF/ANSI 61: Drinking Water System Components- Health Effects”, which prescribes the evaluations of stainless steel pipes and related products that come in contact with drinking water for an extended period of time to test the release of impurities/contaminants and ensure that our products do not contain hazardous substances. At present, most of our products exported to the U.S. and Canada are compliant with this specification (up to the end of 2021 the Company has a total of 30 compliant product items. For a detailed list of these products, refer to <https://goo.gl/8fnKTn>). These products are required to bear the NSF logo and the Company is required to submit samples of our products for reinspection on a yearly basis, coupled with sporadic audits. While products exported to other regions and territories do not bear the NSF logo, all of our products are also compliant with the NSF standard in terms of safety performance. In 2021, the Company had zero violations for product compliance of mislabeling.



Apart from cast pipe accessories, all of our products are compliant with the Pressure Equipment Directive PED 2014/68/EU, which requires that stainless steel pipes and accessories are required to conform to the allowable pressure during conveyance of fluid. It is mandatory for all exports entering the EU market to comply with this directive for local distribution of pressurized equipment and products must be certified by a Notified Body to receive the CE logo in accordance with the technical specifications to indicate compliance.

The EU norms were replaced with UK norms in response to Brexit. The UK established the Pressure Equipment Safety Regulations 2016 for pressure equipment and the Regulations are expected to be brought into force in 2023. We have passed the management system certification to ensure compliance with the Regulations. All pipe fittings and valves products have passed the qualification for UKCA certification and the labor inspections. All products have passed the inspection and testing certified under the European Union Pressure Equipment Directive (PED).

Our stainless steel valves are compliant to the API 607 standard of the American Petroleum Institute (API) for fire tests for quarter-turn valves and valves equipped with nonmetallic seats to ensure that such valves (as a part of petrol pipeline/chemical factory) would not be susceptible to fluid leakage when exposed

to specific high temperatures in the event of a fire hazard. Since sales regions of the the products in five major categories include the USA, it is required to obtain the API certificate. In 2022, the products of these five major categories occupied 4.14% of all the valves and nipples we distributed. Not only that, our stainless steel valve product lines passed the product testing by the American Bureau of Shipping (ABS) to verify our products satisfy the requirements for pressure and temperature. The ABS requires onsite evaluation at our factory to be carried out on a yearly basis. In 2022, the proportion of our products that were certified to the ABS standard accounted for 9.7% of all valves we distributed. In the same year, we have increased inspections for deep well coupling and valve product lines. In response to customer demands for low lead testing NSF372 in drinking water, the results show that no lead is detected. Arrangements were also made for NSF61 heavy metals testing for metal pipes and the results show no detection of heavy metals.

Not only that, three of our stainless steel valve product lines (Product Model No.: TC-01B FS, TC-4000 FS, TC-5000 FS Series) passed the product testing by the American Bureau of Shipping (ABS) to verify our products satisfy the requirements for pressure and temperature. The ABS requires onsite evaluation at our factory to be carried out on a yearly basis. In 2021, three major categories of our products were certified to the ABS standard, and these made up 4.35% of all valves we distributed.

Furthermore, our European customers have been commissioning licensed auditing bodies to audit our factories once every two years. The audit is a full-scale review of our fulfillment of corporate social responsibilities by verifying the extent of our implementation. Any oversight found during the audit has to be rectified in time but all of the audits we had thus far had turned out well. Our U.S. customers are more concerned with the audit of our products and processes, and they have been conducting sporadic audits at our factories each year.