Stock Code: 1515

Rexon Industrial Corp., Ltd.
Meeting Minutes for the 2023 Annual Meeting of Shareholders

Integrity·Stability·Growth

Date: May 30, 2023 (Tues), at 9 am

Place: No. 261, Renhua Rd., Dali Dist., Taichung City (meeting room of the Company)

Type of Meeting: Physical shareholders' meeting

Rexon Industrial Corp., Ltd.
Meeting Minutes for the 2023 Annual Meeting of Shareholders

Time: May 30, 2023 (Tues), at 9am
Place: No. 261, Renhua Rd., Dali Dist., Taichung City (meeting room of the Company)
Total outstanding Rexon shares: 181,473,500 shares
Total shares represented by shareholders present in person or by proxy: 97,639,712 shares
Percentage of shares held by shareholders present in person or by proxy: 53.80%
Present: Director/ Wang Kuan-Hsiang, Director/ Kun Forever Co., Ltd.Representative: Wang Chen,Li-Mei, Director/ Kun Forever Co., Ltd.Representative: Wang Kuan-Chuan, Director/ Huang Ching-Hsiang, Director/ Chen Chun-Wei, Director/ Kuo Pu-Chao, Director/ Yang Ching-Chi, Independent director/ Lee Cherng, Independent director/ Wu Chwan-Chyuan, Independent director/ Chen Li-Tsung, KPMG CPA, Lawyer Wei
Chairman: Wang Kuan-Hsiang
Secretary: He Hsiu-Yuan

I. Call to Order: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairperson Remarks (omitted)

III. Management Presentation

(I). 2022 Business report(see Attachment).
(II). Audit Committee's review report on the 2022 financial statements (see Attachment)
(III). Report on distribution of the remuneration to employees and directors in 2022

IV. Matters to be Ratified

(I). The 2022 financial statements of the Company submitted for ratification. (Proposed by the Board of Directors)

Explanatory Notes:
(1) The 2022 final accounting reports have been adopted by the Board of Directors and audited by the Audit Committee. They are herewith submitted for ratification.
(2) For the final accounting reports, please refer to Attachment.

Voting Results:
Shares represented at the time of voting: 97,429,712 votes

Voting Results*		% of the total represented share present
Votes in favor:	94,393,762 votes	96.88%
Votes against:	143,304 votes	0.14%
Votes invalid:	0 votes	0.00%
Votes abstained:	2,892,646 votes	2.96%

RESOLVED, that the above proposal was hereby approved as proposed.

(II). The Company's 2022 earnings distribution for ratification.(Proposed by the Board of Directors)

Explanatory Notes:
(1) The Company had loss in 2022. Though there was undistributed earnings at the end of the period, no cash dividends will be distributed in consideration of the needed for the future operations.
(2) For the 2022 earnings distribution Table of the Company, please refer to Attachment.

Voting Results:
Shares represented at the time of voting: 97,429,712 votes

Voting Results*		% of the total represented share present
Votes in favor:	94,982,481 votes	97.48%
Votes against:	244,488 votes	0.25%
Votes invalid:	0 votes	0.00%
Votes abstained:	2,202,743 votes	2.26%

RESOLVED, that the above proposal was hereby approved as proposed.

V. Election Matters

(I). Re-election of the directors of the Company submitted for resolution. (Proposed by the Board of Directors)

Explanatory Notes:

(1) The term of the directors of the 17th Board of Directors expired on June 17, 2023. A full re-election of directors for the 18th Board of Directors will be conducted at the annual shareholders' meeting this year.

(2) According to the Articles of Incorporation, five to nine directors shall be elected. Accordingly, nine directors (including three independent directors) will be elected at this shareholders' meeting with a term of three years from May 30, 2023 to May 29, 2026.

(3) The Company adopts the candidate nomination system for the election of the directors according to Article 16 of the Articles of Incorporation. For the information on the candidates, please refer to Attachment.

Voting Results:

Shares represented at the time of voting: 97,429,712 votes

Resolution:

Type	**Name**	Votes
Director	Wang Kuan-Hsiang	122,526,199
Director	Kun Forever Co., Ltd. Representative: Wang Kuan-Chuan	104,101,739
Director	Huang Ching-Hsiang	97,602,955
Director	Chen Chun-Wei	90,958,189
Director	Kuo Pu-Chao	90,052,164
Director	Yang Ching-Chi	88,293,695
Independent director	Lee Cherng	87,280,507
Independent director	Wu Chwan-Chyuan	86,336,876
Independent director	Chen Li-Tsung	86,125,163

VI. Discussions

(I). Removal of restrictions on competing business involvement for new directors of the Company(Proposed by the Board of Directors)

Explanatory Notes:

(1) According to Article 209 of the Company Act, a director who does anything for himself

or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

(2) To facilitate smooth development the business, the Company plans to remove the restrictions on competing business involvement pursuant to Article 209 of the Company Act and thus requests the shareholders' meeting for agreement on the removal in favor of new directors:

Title	**Name**	**Company Name and Concurrent Position**
Director	Wang Kuan-Hsiang	Power Tool Specialists Inc. / President Gold Tech Group Ltd. / Director Tongxiang Rexon Industrial Co., Ltd. / Director
Director	Kun Forever Co., Ltd. Representative: Wang Kuan-Chuan	Power Tool Specialists Inc. / Director
Director	Huang Ching-Hsiang	Gold Tech Group Ltd. / Director
Director	Chen Chun-Wei	Rexon Technology Corp., Ltd. / Special Assistant Rexon Technology Corp., Ltd. / Director Gold Tech Group Ltd. / Director Fine Clear Co., Ltd. / Supervisor
Director	Kuo Pu-Chao	Rexon Technology Corp., Ltd. / Director Hongqiao Investment Co., Ltd. / Director

Voting Results:

Shares represented at the time of voting: 97,639,712 votes

Voting Results*		% of the total represented share present
Votes in favor:	95,031,464 votes	97.32%
Votes against:	170,001 votes	0.17%
Votes invalid:	0 votes	0.00%
Votes abstained:	2,438,247 votes	2.49%

RESOLVED, that the above proposal was hereby approved as proposed.

(II). Amendment of the "Articles of Incorporation" of the Company(Proposed by the Board of Directors)

Explanatory Notes:

(1) To ensure flexible convention of the shareholders' meeting and provide that the shareholders' meeting of the Company may be held in the form of a video conference or other methods promulgated by the central competent authority in line with the amendment to Article 172-2 of the Company Act, the Company plans to amend some provisions of the "Articles of Incorporation".

(2) For the comparison table for the amendments, please refer to Attachment

Voting Results:

Shares represented at the time of voting: 97,639,712 votes

Voting Results*		% of the total represented share present
Votes in favor:	94,949,352 votes	97.24%
Votes against:	244,123 votes	0.25%
Votes invalid:	0 votes	0.00%
Votes abstained:	2,446,237 votes	2.50%

RESOLVED, that the above proposal was hereby approved as proposed.

VII. Extraordinary Motions: None

VIII. Adjournment: May 30, 2023 (Tues), at 9:22am

Attachment 1

I. 2022 Business and Financial Reports of the Company

(I). Business Report

We encountered fierce challenges in our business operation in 2022. The supply and demand of the market were affected by the COVID-19 pandemic that had a great impact on the global economy and ran into unprecedent uncertainty. The changes to the life and consumption habits led to the declination of the increased demand for the home gym fitness and sports devices. The war, geopolitics, stagflation, unceasing increase of the interest rate and loosening of the lockdown restrictions in 2022 resulted in weak demand, high stock quantity and significantly decreased customer demand. Consequently, both revenue and profitability of the Company were affected to a great extent in 2022. Despite the adverse business environment, we operated prudently and steadily and persisted in the core value of our fundamental business by manifesting our competitive advantages and operating our business firmly in this wave of economic changes.

1. Business results in 2022

(1). Implementation status of the business plan

The consolidated operating revenue in 2022 was NT$4,549,308 thousand with a decrease of NT$13,817,515 thousand (75.2%) in comparison with the amount of NT$18,366,823 thousand in 2021. The consolidated net loss after tax in 2022 was NT$299,120 thousand with a new loss per share of about NT$1.65.

(2). Implementation status of budgets

Since we did not make 2022 publication of financial forecasts, no budget implementation status needs to be disclosed.

(3). Analysis of financial expenditure and profitability

Item		2021	2022
Financial structure (%)	Debt to assets ratio %	66.05	54.74
Solvency (%)	Current ratio %	111.54	96.00
	Quick ratio %	84.77	78.64
Profitability (%)	Return on assets (%)	9.63	-2.77
	Return on equity (%)	26.36	-7.71
	Earnings per share (NTD) (current period)	5.80	-1.65

(4). R&D status

As for machine tools, we continued to innovate and used patents to provide products that exceeded the customer's expectations. The diversification of the product mix was achieved through the model of brand and retailer strategy alliances and the interactions among places of origin. As for fitness devices, we accelerated the development of new products and increased the items to meet the quick-changing and multiple demands of the customers. We grew together with them and pursued high quality to their satisfaction. As for new business, we used our core technologies in line with the market trend and grasped the opportunity to develop product areas for our new business.

2. Summary of the 2023 business plan

(1). Operating guidelines and important policies

(A). Create the best benefit for related parties with sustainable operations as the goal.

(B). Provide premium products and services for brand customers with our leading electromechanical technique.

(C). Uphold the philosophy of getting to the bottom of matters and continual improvement to achieve lean manufacturing and management.

(2). Business expectations and critical production/marketing policies

The global economy and market supply and demand will remain uncertain in 2023. The management team of the Company will uphold our corporate culture of "Integrity, Stability and Growth" and create competitive differentiation with total lean management and technical innovation to meet the requirements of the customer, create a win-win relationship with our partners, and achieve the optimal growth and sustainable development of the Company.

(3). Our development strategies will be affected by the external competitive environment, regulatory environment and overall business environment.

With the inherited attitude of "More Than Better", the leading electromechanical integration technique, and the vision to provide brand customers with total services, we will be dedicated to the core competitive advantages of "leading technique", "excellent manufacturing", "quality first" and "customer trust" to provide services that meet the requirements of the customers and achieve the goals of growth in both revenue and profit. With the spirit of “More than Better” and “Continuous Improvement”, the management team and outstanding employees will create and consolidate our leading position and enhance the differentiation against our competitors to achieve the optimal growth and sustainable development of the Company, overcome the challenges in the external competitive environment, regulatory environment and overall business environment, and understand and control all the operational risks.

Finally, we sincerely extend our appreciation to all of our shareholders for your support. Please don’t hesitate to give encourage and comments to our management team in the future.

May we wish you all

Good Health and Good Luck

President:Wang Kuan-Hsiang General Manager:Lo Cheng-Chou Accounting Manager:He Hsiu-Yuan

(II). Financial Reports

1. Please refer to pages 10-24 of the Handbook.
2. Independent Auditors’ Report, KPMG Taiwan

INDEPENDENT AUDITORS′ REPORT

To the Board of Directors of Rexon Industrial Corp., Ltd.:

Opinion

We have audited the consolidated financial statements of Rexon Industrial Corp., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets of December 31, 2022 and 2021, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public in Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(o) and Note 6(t) of the consolidated financial statements for accounting policies on revenue recognition and revenue recognition, respectively.

Description of key audit matter:

The Group recognizes revenue when the control over a product has been transferred to the customer as specified on the various sales terms in each individual contract with customers. Revenue is recognized in each individual contract with customers. The improper timing in recongnition of revenue before and after the financial reporting date may materially impact financial statements. Therefore, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include testing the effectiveness of internal control on recongnition of revenue; ensuring the transaction conditions and revenue of the sale contracts have been properly recorded; random sampling of sales transactions within a certain period before and after the financial reporting date; analyzing the client contract of the sample; and evaluating the transaction conditions contained in the sales contract to confirm that revenue recognition has been recorded in an appropriate period.

2. Valuation of Inventories

The accounting principle of inventory, refer to consolidated financial statements Note 4 (h), the assessment of accounting estimate and assumption uncertainty, refer to consolidated financial statements Note 5 (b); the explanation of inventory assessment refers to consolidated financial statements Note 6 (e).

Description of key audit matter:

Due to the introduction of new products such as machine tools or fitness machines may cause significant changes in consumer demand, the original product outdated may no longer meet the market demand, or by the electric tool market recession and competitors' low-cost strategy and other factors so that the sale of related products may be volatile, it easily leads to the cost of inventory may exceed its net realizable value of the risk; therefore, inventory valuation is considered as one of a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, includes the allowance for uncollectible inventory valuation losses of the Group and the rationale of calculation method, implementation of the sampling procedures to check the inventory and the net realized value to compare with the past period situation and analyze whether the loss of the value of the deposit in the current period is disclosure appropriately.

Other Matter

Rexon Industrial Corp., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors’ report are Shyh-Huar, Kuo and Chun-Yuan, Wu.

KPMG

Taipei, Taiwan (Republic of China)
Febuary 23, 2023

3. Consolidated balance sheet

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollar)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6 (a))	$ 1,970,759	25	4,574,719	36
1110	Current financial assets at fair value through profit or loss	96	-	96	-
1150	Notes receivable, net (note 6 (c))	287	-	2,276	-
1160	Notes receivable due from related parties, net (note 6 (c) and 7)	31,722	-	27,543	-
1170	Accounts receivable, net (note 6 (c))	737,714	10	1,717,113	14
1180	Accounts receivable due from related parties, net (note 6 (c) and 7)	8,794	-	11,078	-
1200	Other receivables, net (note 6 (d))	277	-	140	-
1220	Current tax assets	18,332	-	-	-
130X	Inventories (note 6 (e))	582,816	8	1,975,275	16
1479	Other current assets (note 6 (j))	88,463	1	209,740	2
		3,439,260	44	8,517,980	68
	Non-current assets:				
1550	Investments accounted for using equity method, net (note 6 (f))	16,420	-	16,712	-
1600	Property, plant and equipment (note 6(g) and 8)	3,119,127	40	3,266,653	26
1755	Right-of-use assets (note 6 (h))	88,796	1	122,650	1
1780	Intangible assets (note 6 (i))	66,904	1	62,399	-
1840	Deferred tax assets (note 6 (q))	167,970	2	84,195	1
1920	Guarantee deposits paid	1,926	-	9,053	-
1975	Net defined benefit asset, non-current (note 6 (p))	206,005	3	90,665	1
1990	Other non-current assets(note 6 (j))	647,549	9	351,126	3
		4,314,697	56	4,003,453	32
	Total assets	**$ 7,753,957**	**100**	**12,521,433**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6 (k) and 8)	$ 801,417	10	802,025	7
2130	Current contract liabilities (note 6 (t))	38,713	-	543,155	4
2150	Notes payable	436,108	6	1,391,468	11
2160	Notes payable to related parties(note 7)	94	-	3,799	-
2170	Accounts payable	607,955	8	3,509,685	28
2200	Other payables(note 6 (p))	595,537	8	754,642	6
2220	Other payables to related parties (note 7)	6	-	17	-
2230	Current tax liabilities	-	-	185,745	2
2250	Current provisions (note 6 (o))	201,389	3	162,599	1
2280	Current lease liabilities (note 6 (n))	10,501	-	34,261	-
2320	Long-term borrowing, current portion (note 6 (m) and 8)	413,033	5	93,264	1
2399	Other current liabilities, others (note 6 (l) and (t))	477,632	6	156,254	1
		3,582,385	46	7,636,914	61
	Non-Current liabilities:				
2540	Long-term borrowings (note 6 (m) and 8)	637,554	9	593,333	5
2570	Deferred tax liabilities (note 6 (q))	-	-	6,491	-
2580	Non-current lease liabilities (note 6 (n))	24,691	-	34,292	-
		662,245	9	634,116	5
	Total liabilities	4,244,630	55	8,271,030	66
	Equity attributable to owners of parent: (note 6 (b) and(r))				
3100	Share capital	1,814,735	24	1,814,735	14
3200	Capital surplus	586	-	586	-
3300	Retained earnings	1,812,259	23	2,572,950	21
3400	Other equity	(143,923)	(2)	(163,182)	(1)
	Total equity attributable to owners of parent:	3,483,657	45	4,225,089	34
36XX	Non-controlling interests	25,670	-	25,314	-
	Total equity	3,509,327	45	4,250,403	34
	Total liabilities and equity	**$ 7,753,957**	**100**	**12,521,433**	**100**

4. Consolidated statement of comprehensive income

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollar , except earnings per share)

		2022		2021	
		Amount	**%**	**Amount**	**%**
4100	Operating revenue, (note 6 (t) and 7)	$ 4,549,308	100	18,366,823	100
5000	Operating costs (note 6 (e)、(i)、(p) and 7)	4,394,448	96	15,849,053	86
	Gross profit from operations	154,860	4	2,517,770	14
6000	**Operating expenses** (note 6 (i)、(p) and (u)):				
6100	Selling expenses	258,145	6	561,819	3
6200	Administrative expenses	183,389	4	314,799	2
6300	Research and development expenses	142,903	3	215,937	1
		584,437	13	1,092,555	6
	Net operating (loss) income	(429,577)	(9)	1,425,215	8
7000	**Non-operating income and expenses:**				
7100	Interest income (note 6 (v))	5,858	-	2,030	-
7010	Other income (note 6 (v))	19,894	-	39,792	-
7020	Other gains and losses, net (note 6 (g) and (v))	25,505	1	(140,611)	(1)
7050	Finance costs (note 6 (n) and (v))	(22,439)	-	(7,827)	-
7060	Share of profit of associates accounted for using equity method (note 6 (f))	188	-	518	-
		29,006	1	(106,098)	(1)
7900	**Profit (loss) before income tax**	(400,571)	(8)	1,319,117	7
7950	**Income tax (benefit) expense** (note 6 (q))	(101,451)	(2)	263,168	1
8200	**(Loss) profit**	(299,120)	(6)	1,055,949	6
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains on remeasurements of defined benefit obligation (note 6 (p))	82,650	2	61,559	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (note 6 (r))	-	-	17,184	-
		82,650	2	78,743	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation(note 6 (r))	24,629	-	(10,883)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6 (q))	(4,815)	-	1,588	-
		19,814	-	(9,295)	-
8300	**Other comprehensive income (after tax)**	102,464	2	69,448	-
8500	**Comprehensive income**	$ (196,656)	(4)	1,125,397	6
	Profit (loss) attributable to:				
8610	Owners of parent	$ (298,921)	(6)	1,052,892	6
8620	Non-controlling interests	(199)	-	3,057	-
		$ (299,120)	(6)	1,055,949	6
	Comprehensive income attributable to:				
8710	Owners of parent	$ (197,012)	(4)	1,125,276	6
8720	Non-controlling interests	356	-	121	-
		$ (196,656)	(4)	1,125,397	6
	Earnings (losses) per share(NT dollars) (note 6 (s))				
9750	**Basic earnings (loss) per share**	$	(1.65)		5.80
9850	**Diluted earnings (loss) per share**	$	(1.65)		5.76

5. Consolidated statement of changes in equity

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollar)

	Equity attributable to owners of parent											
	Share capital		Retained earnings				Total other equity					
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2021	$ 1,814,735	433	265,379	49,668	1,783,010	2,098,057	(156,823)	(20,402)	(177,225)	3,736,000	25,193	3,761,193
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	97,724	-	(97,724)	-	-	-	-	-	-	-
Special reserve	-	-	-	127,558	(127,558)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(653,305)	(653,305)	-	-	-	(653,305)	-	(653,305)
	-	-	97,724	127,558	(878,587)	(653,305)	-	-	-	(653,305)	-	(653,305)
Profit for the year ended December 31, 2021	-	-	-	-	1,052,892	1,052,892	-	-	-	1,052,892	3,057	1,055,949
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	61,559	61,559	(6,359)	17,184	10,825	72,384	(2,936)	69,448
Comprehensive income	-	-	-	-	1,114,451	1,114,451	(6,359)	17,184	10,825	1,125,276	121	1,125,397
Changes in ownership interests in subsidiaries	-	153	-	-	-	-	-	-	-	153	-	153
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(3,218)	(3,218)	-	3,218	3,218	-	-	-
Beginning adjustment of net delined benefit assets	-	-	-	-	16,965	16,965	-	-	-	16,965	-	16,965
Balance on December 31, 2021	**$ 1,814,735**	**586**	**363,103**	**177,226**	**2,032,621**	**2,572,950**	**(163,182)**	**-**	**(163,182)**	**4,225,089**	**25,314**	**4,250,403**
Balance on January 1, 2022	$ 1,814,735	586	363,103	177,226	2,032,621	2,572,950	(163,182)	-	(163,182)	4,225,089	25,314	4,250,403
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	112,820	-	(112,820)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(14,044)	14,044	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(544,420)	(544,420)	-	-	-	(544,420)	-	(544,420)
	-	-	112,820	(14,044)	(643,196)	(544,420)	-	-	-	(544,420)	-	(544,420)
Loss for the year ended December 31, 2022	-	-	-	-	(298,921)	(298,921)	-	-	-	(298,921)	(199)	(299,120)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	82,650	82,650	19,259	-	19,259	101,909	555	102,464
Comprehemsive income	-	-	-	-	(216,271)	(216,271)	19,259	-	19,259	(197,012)	356	(196,656)
Balance on December 31, 2022	**$ 1,814,735**	**586**	**475,923**	**163,182**	**1,173,154**	**1,812,259**	**(143,923)**	**-**	**(143,923)**	**3,483,657**	**25,670**	**3,509,327**

6. Consolidated statement of cash flow

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

REXON INDUSTRIAL CORP., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollar)

		2022	2021
Cash flows from operating activities:			
(Loss) profit before tax	$	(400,571)	1,319,117
Adjustments:			
Adjustments to reconcile profit:			
Depreciation expense		347,728	263,492
Amortization expense		17,969	14,665
Interest expense		22,439	7,827
Interest income		(5,858)	(2,030)
Dividend income		-	(13)
Share of profit of associates accounted for using equity method		(188)	(518)
Loss on disposal of property, plant and equipment		4,132	4,987
Impairment loss of property, plant and equipment		15,971	52,723
Gain on lease modification		(39)	-
Total adjustments to reconcile profit		402,154	341,133
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease in financial assets at fair value through profit or loss		-	18,374
Decrease (increase) in notes receivable		1,989	(2,167)
Increase in notes receivable due from related parties		(4,179)	(21,209)
Decrease in accounts receivable		979,399	663,028
Decrease (increase) in accounts receivable due from related parties		2,284	(7,726)
(Increase) decrease in other receivable		(137)	382
Decrease (increase) in inventories		1,392,459	(879,081)
Decrease (increase) in other current assets		121,277	(17,883)
Decrease (increase) in other operating assets		1,978	(3,318)
Total changes in operating assets		2,495,070	(249,600)
Changes in operating liabilities:			
(Decrease) increase in contract liabilities		(12,611)	515,701
(Decrease) increase in notes payable		(955,360)	602,227
(Decrease) increase in notes payable to related parties		(3,705)	2,956
(Decrease) increase in accounts payable		(2,901,730)	269,876
(Decrease) increase in other payable		(119,366)	233,197
Decrease in other payable to related parties		(11)	(444)
(Decrease) increase in other current liabilities		(131,663)	20,014
Decrease in net defined benefit liabilities		(32,690)	(12,061)
Total changes in operating liabilities		(4,157,136)	1,631,466
Total changes in operating assets and liabilities		(1,662,066)	1,381,866
Total adjustments		(1,259,912)	1,722,999
Cash (outflow) inflow generated from operations		(1,660,483)	3,042,116
Interest received		5,858	2,030
Dividends received		480	813
Interest paid		(22,190)	(8,369)
Income taxes paid		(197,707)	(200,424)
Net cash flows (used in) from operating activities		(1,874,042)	2,836,166
Cash flows used in investing activities:			
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	53,360
Changes in ownership of interest in subsidiaries		-	153
Acquisition of property, plant and equipment		(95,446)	(502,972)
Proceeds from disposal of property, plant and equipment		4,243	4,893
Decrease in restricted assets		-	8,000
Decrease (increase) in refundable deposits		7,127	(4,650)
Acquisition of intangible assets		(22,422)	(14,355)
Increase in prepayments for business facilities		(422,649)	(498,114)
Net cash flows used in investing activities		(529,147)	(953,685)
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		3,014,060	2,016,870
Decrease in short-term borrowings		(3,014,060)	(1,556,357)
Increase from long-term borrowings		562,607	851,600
Repayments of long-term borrowings		(198,174)	(547,369)
Cash dividends paid		(544,420)	(653,305)
Payment of lease liabilities		(30,257)	(29,043)
Net cash flows (used in) from financing activities		(210,244)	82,396
Effect of exchange rate changes on cash and cash equivalents		9,473	(3,287)
Net (decrease) increase in cash and cash equivalents		(2,603,960)	1,961,590
Cash and cash equivalents at the beginning of period		4,574,719	2,613,129
Cash and cash equivalents at the end of period	$	1,970,759	4,574,719

7. Audit report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Rexon Industrial Corp., Ltd.:

Opinion

We have audited the financial statements of Rexon Industrial Corp., Ltd.("the Company"), which comprise the balance sheets of December 31, 2022 and 2021, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

   Please refer to Note 4(o) and Note 6(t) of the parent company only financial statements for accounting policies on revenue recognition and revenue recognition, respectively.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. Revenue is recognized in each individual contract with customers. The improper timing in recognition of revenue before and after the financial reporting date may materially impact financial statements. Therefore, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include testing the effectiveness of internal control on recognition of revenue; ensuring the transaction conditions and revenue of the sale contracts have been properly recorded; random sampling of sales transactions within a certain period before and after the financial reporting date; analyzing the client contract of the sample; and evaluating the transaction conditions contained in the sales contract to confirm that revenue recognition has been recorded in an appropriate period.

2. Valuation of Inventories

   The accounting principle of inventory, refer to parent company only financial statements Note 4 (g), the assessment of accounting estimate and assumption uncertainty, refer to parent company only financial statements Note 5 (a); the explanation of inventory assessment refers to parent company only financial statements Note 6 (e).

   Description of key audit matter:

   Due to the introduction of new products such as machine tools or fitness machines may cause significant changes in consumer demand, the original product outdated may no longer meet the market demand, or by the electric tool market recession and competitors' low-cost strategy and other factors so that the sale of related products may be volatile, it easily leads to the cost of inventory may exceed its net realizable value of the risk; therefore, inventory valuation is considered as one of a key audit matter.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, includes the allowance for uncollectible inventory valuation losses of the Company and the rationale of calculation method, implementation of the sampling procedures to check the inventory and the net realized value to compare with the past period situation and analyze whether the loss of the value of the deposit in the current period is disclosure appropriately.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shyh-Huar, Kuo and Chun-Yuan, Wu.

KPMG

Taipei, Taiwan (Republic of China)
Febuary 23, 2023

8. Balance Sheet

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

REXON INDUSTRIAL CORP., LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollar)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6 (a))	$ 1,892,911	25	4,492,307	36
1110	Current financial assets at fair value through profit or loss	96	-	96	-
1150	Notes receivable, net (note 6 (c))	51	-	40	-
1160	Notes receivable due from related parties, net (note 6 (c) and 7)	31,722	-	27,543	-
1170	Accounts receivable, net (note 6 (c))	720,949	10	1,705,296	14
1180	Accounts receivable due from related parties, net (note 6 (c) and 7)	8,794	-	13,821	-
1200	Other receivables, net (note 6 (d))	168	-	114	-
1210	Other receivables due from related parties, net (note 6 (d) and 7)	8,784	-	7,941	-
1220	Current tax assets	16,441	-	-	-
130X	Inventories (note 6 (e))	458,313	6	1,732,899	14
1479	Other current assets (note 6 (j))	64,971	1	189,280	2
		3,203,200	42	8,169,337	66
	Non-current assets:				
1550	Investments accounted for using equity method, net (note6(f))	971,705	13	957,632	8
1600	Property, plant and equipment (note6(g)and 8)	2,443,817	32	2,546,689	21
1755	Right-of-use assets (note 6 (h))	34,921	-	68,280	-
1780	Intangible assets (note 6 (i))	19,426	-	14,057	-
1840	Deferred tax assets (note 6 (q))	167,880	2	84,127	1
1920	Guarantee deposits paid	1,926	-	7,812	-
1975	Net defined benefit asset, non-current (note 6 (p))	206,005	3	90,665	1
1990	Other non-current assets(note 6 (j))	645,669	8	349,388	3
		4,491,349	58	4,118,650	34
	Total assets	$ 7,694,549	100	12,287,987	100

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6 (k) and 8)	$ 700,000	9	700,000	6
2130	Current contract liabilities (note 6 (t))	27,552	-	530,224	4
2150	Notes payable	414,270	5	1,301,396	11
2160	Notes payable to related parties(note 7)	29,759	-	3,799	-
2170	Accounts payable	444,659	6	3,297,489	27
2180	Accounts payable to related parties (note 7)	217,963	3	167,724	1
2200	Other payables(note 6 (p))	582,522	8	733,470	6
2220	Other payables to related parties (note 7)	101,161	1	94,668	1
2230	Current tax liabilities	-	-	183,199	2
2250	Current provisions (note 6 (o))	201,389	3	162,599	1
2280	Current lease liabilities (note 6 (n))	10,501	-	34,261	-
2320	Long-term borrowing, current portion (note 6 (m) and 8)	390,000	5	66,667	1
2399	Other current liabilities, others (note 6 (l) and (t))	467,258	6	153,286	1
		3,587,034	46	7,428,782	61
	Non-Current liabilities:				
2540	Long-term borrowings (note 6 (m) and 8)	599,167	8	593,333	5
2570	Deferred tax liabilities (note 6 (q))	-	-	6,491	-
2580	Non-current lease liabilities (note 6 (n))	24,691	-	34,292	-
		623,858	8	634,116	5
	Total liabilities	4,210,892	54	8,062,898	66
	Equity: (note 6 (b) and(r))				
3100	Share capital	1,814,735	24	1,814,735	15
3200	Capital surplus	586	-	586	-
3300	Retained earnings	1,812,259	24	2,572,950	21
3400	Other equity	(143,923)	(2)	(163,182)	(2)
	Total equity	3,483,657	46	4,225,089	34
	Total liabilities and equity	$ 7,694,549	100	12,287,987	100

9. Statement of comprehensive income

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

REXON INDUSTRIAL CORP., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollar , except earnings per share)

		2022		2021	
		Amount	**%**	**Amount**	**%**
4100	Operating revenue (note 6 (t) and 7)	$ 4,439,027	100	18,311,982	100
5000	Operating costs (note 6 (e)、(i)、(p) and (7))	4,351,617	98	15,833,894	87
	Gross profit from operations	87,410	2	2,478,088	13
6000	**Operating expenses** (note 6 (i)、(p)、(u) and 7)**:**				
6100	Selling expenses	225,482	5	518,063	3
6200	Administrative expenses	130,316	3	260,840	1
6300	Research and development expenses	131,193	3	201,551	1
		486,991	11	980,454	5
	Net operating (loss) income	(399,581)	(9)	1,497,634	8
7000	**Non-operating income and expenses:**				
7100	Interest income (note 6 (v))	5,336	-	984	-
7010	Other income (note 6 (v))	15,888	-	37,314	-
7020	Other gains and losses, net (note 6 (g) and (v))	2,698	-	(131,024)	(1)
7050	Finance costs (note 6 (n) and (v))	(15,963)	-	(4,723)	-
7070	Share of loss of subsidiaries and associates for using equity method, net (note 6 (f))	(9,521)	-	(89,978)	-
		(1,562)	-	(187,427)	(1)
7900	**Profit (loss) before income tax**	(401,143)	(9)	1,310,207	7
7950	Income tax (benefit) expense (note 6 (q))	(102,222)	(2)	257,315	1
8200	**(Loss) profit**	(298,921)	(7)	1,052,892	6
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains on remeasurements of defined benefit obligation (note 6 (p))	82,650	2	61,559	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (note 6 (r))	-	-	17,184	-
		82,650	2	78,743	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation (note 6 (r))	24,074	-	(7,947)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6 (q))	(4,815)	-	1,588	-
		19,259	-	(6,359)	-
8300	**Other comprehensive income (after tax)**	101,909	2	72,384	-
8500	**Comprehensive income**	$ (197,012)	(5)	1,125,276	6
	Earnings (loss) per share(NT dollars) (note 6 (s))				
9750	**Basic earnings (loss) per share**	$	(1.65)		5.80
9850	**Diluted earnings (loss) per share**	$	(1.65)		5.76

10. Statement of changes in equity

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

REXON INDUSTRIAL CORP., LTD.

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollar)

	Share capital		Retained earnings				Total other equity			
	Qrdinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance on January 1, 2021	$ 1,814,735	433	265,379	49,668	1,783,010	2,098,057	(156,823)	(20,402)	(177,225)	3,736,000
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	97,724	-	(97,724)	-	-	-	-	-
Special reserve	-	-	-	127,558	(127,558)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(653,305)	(653,305)	-	-	-	(653,305)
	-	-	97,724	127,558	(878,587)	(653,305)	-	-	-	(653,305)
Profit for the year ended December 31, 2021	-	-	-	-	1,052,892	1,052,892	-	-	-	1,052,892
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	61,559	61,559	(6,359)	17,184	10,825	72,384
Comprehensive income	-	-	-	-	1,114,451	1,114,451	(6,359)	17,184	10,825	1,125,276
Changes in ownership of subsidiaries	-	153	-	-	-	-	-	-	-	153
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(3,218)	(3,218)	-	3,218	3,218	-
Beginning adjustment of net delined benefit assets	-	-	-	-	16,965	16,965	-	-	-	16,965
Balance on December 31, 2021	**$ 1,814,735**	**586**	**363,103**	**177,226**	**2,032,621**	**2,572,950**	**(163,182)**	**-**	**(163,182)**	**4,225,089**
Balance on January 1, 2022	$ 1,814,735	586	363,103	177,226	2,032,621	2,572,950	(163,182)	-	(163,182)	4,225,089
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	112,820	-	(112,820)	-	-	-	-	-
Reversal of special reserve	-	-	-	(14,044)	14,044	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(544,420)	(544,420)	-	-	-	(544,420)
	-	-	112,820	(14,044)	(643,196)	(544,420)	-	-	-	(544,420)
Loss for the year ended December 31, 2022	-	-	-	-	(298,921)	(298,921)	-	-	-	(298,921)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	82,650	82,650	19,259	-	19,259	101,909
Comprehemsive income	-	-	-	-	(216,271)	(216,271)	19,259	-	19,259	(197,012)
Balance on December 31, 2022	**$ 1,814,735**	**586**	**475,923**	**163,182**	**1,173,154**	**1,812,259**	**(143,923)**	**-**	**(143,923)**	**3,483,657**

11. Statement of cash flow

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

REXON INDUSTRIAL CORP., LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan Dollar)

		2022	2021
Cash flows from operating activities:			
(Loss) profit before tax	$	(401,143)	1,310,207
Adjustments:			
Adjustments to reconcile profit:			
Depreciation expense		279,041	196,996
Amortization expense		15,101	11,928
Interest expense		15,963	4,723
Interest income		(5,336)	(984)
Dividend income		-	(13)
Share of loss of subsidiaries and associates for using equity method		9,521	89,978
Loss on disposal of property, plant and equipment		3,538	4,526
Impairment loss of property, plant and equipment		15,971	52,723
Gain on lease modification		(39)	-
Total adjustments to reconcile profit		333,760	359,877
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease in financial assets at fair value through profit or loss		-	18,374
Increase in notes receivable		(11)	(40)
Increase in notes receivable due from related parties		(4,179)	(21,209)
Decrease in accounts receivable		984,347	658,698
Decrease (Increase) in accounts receivable due from related parties		5,027	(4,080)
(Increase) Decrease in other receivable		(54)	39
Increase in other receivable due from related parties		(843)	(3,562)
Decrease (Increase) in inventories		1,274,586	(890,995)
Decrease (Increase) in other current assets		124,309	(27,400)
Decrease (Increase) in other operating assets		1,978	(3,319)
Total changes in operating assets		2,385,160	(273,494)
Changes in operating liabilities:			
(Decrease) increase in contract liabilities		(10,841)	509,242
(Decrease) increase in notes payable		(887,126)	569,551
Increase in notes payable to related parties		25,960	2,956
(Decrease) increase in accounts payable		(2,852,830)	549,114
Increase (decrease) in accounts payable to related parties		50,239	(283,554)
(Decrease) increase in other payable		(111,715)	234,216
Increase in other payable to related parties		6,493	16,001
(Decrease) increase in other current liabilities		(139,069)	18,986
Decrease in net defined benefit assets		(32,690)	(12,061)
Total changes in operating liabilities		(3,951,579)	1,604,451
Total changes in operating assets and liabilities		(1,566,419)	1,330,957
Total adjustments		(1,232,659)	1,690,834
Cash (outflow) inflow generated from operations		(1,633,802)	3,001,041
Interest received		5,336	984
Dividends received		480	813
Interest paid		(15,208)	(5,265)
Income taxes paid		(192,477)	(194,571)
Net cash flows (uesd in) from operating activities		(1,835,671)	2,803,002
Cash flows used in investing activities:			
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	53,360
Changes in ownership of Subsidiaries		-	(2,635)
Acquisition of property, plant and equipment		(83,949)	(443,216)
Proceeds from disposal of property, plant and equipment		2,573	1,632
Decrease in restricted assets		-	8,000
Decrease (increase) in refundable deposits		5,886	(3,725)
Acquisition of intangible assets		(20,470)	(12,481)
Increase in prepayments for business facilities		(422,255)	(498,171)
Net cash flows used in investing activities		(518,215)	(897,236)
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		2,900,000	1,900,000
Decrease in short-term borrowings		(2,900,000)	(1,480,000)
Increase from long-term borrowings		500,000	851,600
Repayments of long-term borrowings		(170,833)	(500,000)
Cash dividends paid		(544,420)	(653,305)
Payment of lease liabilities		(30,257)	(29,043)
Net cash flows from (used in) financing activities		(245,510)	89,252
Net increase (decrease) in cash and cash equivalents		(2,599,396)	1,995,018
Cash and cash equivalents at beginning of period		4,492,307	2,497,289
Cash and cash equivalents at end of period		**1,892,911**	**4,492,307**

Attachment 2

II. Audit Report of the Audit Committee

Audit Report of the Audit Committee

We, the Audit Committee of the Company, hereby acknowledge that the Board of Directors has worked out and submitted hereto the business report, financial statements, and earnings distribution proposal of the Company for 2022 and that among them, the financial statements have been duly audited by KPMG with an audit report issued. The above business report, financial reports and earnings distribution proposal have been audited by the Audit Committee and no discrepancy has been found. We, therefore, prepare this report for your reference in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

Rexon 2023 Annual Shareholders' Meeting

Rexon Industrial Corp., Ltd.

Audit Committee Convener: Hung Chao-Nan

February 23, 2023

III. Earnings Distribution Table

Attachment 3

Rexon Industrial Corp., Ltd.
Earnings Distribution Table
2022

Unit: NTD thousand

Undistributed earnings at beginning of period	**1,389,424,627**
Plus: Remeasurement of defined benefit plan	**82,649,517**
Plus: Special reserve as reserved deduction of equity	**19,259,182**
Plus: Net profit (loss) in current year	**(298,920,877)**
Minus: Appropriation of legal reserve	**0**
Distributable earnings	**1,192,412,449**
Distribution:	
Minus: Undistributable shareholder dividends	
Undistributed earnings at end of period	**1,192,412,449**

President:Wang Kuan-Hsiang General Manager:Lo Cheng-Chou Accounting Manager:He Hsiu-Yuan

Ⅳ. Information on director candidates

Attachment 4

Type	Name	Education Background	Experience	Current Post	Shareholding
Director	Wang Kuan-Hsiang	Master, Department of Mechanical Engineering, National Chung Hsing University	Rexon Industrial Corp., Ltd. / General Manager	Rexon Industrial Corp., Ltd. / President Power Tool Specialists Inc.(PTS) / President Gold Tech Group Ltd. / Director Tongxiang Rexon Industrial Co., Ltd. / Director TAISIC Materials Corp. / Independent Director	3,750,178
Director	Kun Forever Co., Ltd. Representative: Wang Kuan-Chuan	Department of Public Finance, Feng Chia University Master of Money banking and Finance, Middlesex University	Rexon Industrial Corp., Ltd. / Sales Department, Account Manager KPMG Taiwan / Assistant Officer	Rexon Industrial Corp., Ltd. / Special Assistant Power Tool Specialists Inc. / Director	20,196,000
Director	Huang Ching-Hsiang	Department of Mechanical Engineering, Shu De Institute of Technology	Rexon Industrial Corp., Ltd. / Vice President	Rexon Industrial Corp., Ltd. / Vice President Gold Tech Group Ltd. / Director Fine Clear Co., Ltd. / Director	852,094
Director	Chen Chun-Wei	Master, Department of Electrical Engineering, Tatung University	Tongxiang Rexon Industrial Co., Ltd. / Electrical Department, Manager	Rexon Technology Corp., Ltd. / Special Assistant Rexon Technology Corp., Ltd. / Director Gold Tech Group Ltd. / Director Fine Clear Co., Ltd. / Supervisor	592,350
Director	Kuo Pu-Chao	Master of Business Administration, Durham University, UK	Rexon Industrial Corp., Ltd. / Director	Rexon Industrial Corp., Ltd. / Director Rexon Technology Corp., Ltd. / Director Hongqiao Investment Co., Ltd. / Director	10,000
Director	Yang Ching-Chi	BS in Business Administration ,California State University,Fullerton,	Sunspring Metal Corporation / CEO	Sunspring Metal Corporation / CEO / Chairman Baoxin Metal (Zhaoqing) Industrial Ltd. / Executive Director Sunspring Metal (Zhuhai) Ltd. / Executive Director Heyi Investment Co., Ltd. / Chairman Sunspring Automation Corporation / Chairman Sunspring Holding Corp. / Director Sunspring America Inc. / Director TAISIC Materials Corp. / Independent Director	0
Independent director	Lee Cherng	LLD, Tulane University, USA	Tunghai University / Associate Professor, Department of Law Lawyer, Federal and State of New York, USA	Tunghai University / Legal Counsel / Adjunct EMBA Associate Professor Feng Chia University / Adjunct EMBA Associate Professor NOVA Technology Corp. / Independent Director Topkey Corporation / Independent Director State Compensation Commission of Taichung City Government / Member Consumer Protection Commission of Taichung City Government / Member	0
Independent director	Wu Chwan-Chyuan	Graduate Institute of Accounting, University of Oklahoma, USA	KPMG Taiwan / Head in Central Region	Taiwan Steel Union Co., Ltd./ Independent Director	0
Independent director	Chen Li-Tsung	Ph.D. of organizational behavior, The Hong Kong Polytechnic University Department of Economics, National Taiwan University	Diamond Group / CEO	Diamond Group / CEO Intumit Inc. Co-founder / Director Taishin Dreamers / Executive Director Dreamers Academy / Chairman National Taiwan University/ Adjunct Assistant Professor, College of Management	0

Attachment 5

V. Comparison table for the amendments of the "Articles of Incorporation"

Amended Provision	Current Provision	Description
Article 9-1: The shareholders' meeting of the Company may be convened in the form of visual communication network or in other ways promulgated by the central competent authority.		1. This Article is newly added. 2. In line with the amendment of Article 172-2 of the Company Act, it is explicitly stated that shareholders' meetings of the Company may be held by means of visual communication network or other methods promulgated by the competent authority.
Article 29: (Omitted) The 35th amendment was on May 30, 2023.	Article 29: (Omitted)	An amendment date is added.