China Airlines, Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CHINA AIRLINES, LTD.

By

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March 8, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Airlines, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of China Airlines, Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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, 2023 and 2022, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the 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 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 for 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 for the year ended December 31, 2023. 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.

Key audit matter in the audit of the Group's consolidated financial statements is stated below:

<u>Passenger Revenue Recognition</u>

In accordance with IFRS 15 "Revenue from Contracts with Customers", passenger sales are accounted for as contract liabilities before relevant transportation services were provided. After providing the related services, contract liabilities are reclassified to passenger revenue. For the year ended December 31, 2023, passenger revenue was NT$115,722,524 thousand. Refer to Notes 4 and 27 to the accompanying consolidated financial statements for related detailed information.

Since relevant sales can only be recognized as passenger revenue when passengers actually boarded, the risk that revenue recorded in the wrong period may arise from complex information technology system involved in the process; therefore, we identified passenger revenue recognition as a key audit matter.

The main audit procedures that we performed included the following:

1. We understood and tested the internal controls related to the process of revenue from passenger, including manual and automatic controls.

2. We understood and tested the effectiveness of the information system related to the recognition of passenger revenue.

3. We sampled several flight tickets, which were used and recognized as revenue, to verify whether the boarding date matched the date recorded on the tickets, from advanced sales of tickets, ensuring the occurrence of revenue recognition.

Other Matter

We did not audit the financial statements of some subsidiaries which were included in the consolidated financial statements. Such financial statements were audited by other independent auditors, and our audit opinion is based solely on the reports of other auditors.

As of December 31, 2023 and 2022, total assets of these subsidiaries amounted to NT$18,043,139 thousand and NT$14,466,840 thousand, representing 6.20% and 4.91% of the consolidated total assets, respectively. For the years ended December 31, 2023 and 2022, revenue from these subsidiaries amounted to NT$12,256,938 thousand and NT$824,496 thousand, representing 6.63% and 0.55% of the consolidated total revenue, respectively.

We have also audited the parent company only financial statements of China Airlines, Ltd. as of and for the years ended December 31, 2023 and 2022, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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.

Auditors’ 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 auditors’ 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 maintain 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 auditors’ 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 and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2023 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 audits resulting in this independent auditors' report are Kuan-Hao Lee and Shiuh-Ran Cheng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 31)	$ 30,391,564	10	$ 34,980,469	12
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	186,560	-	119,462	-
Financial assets at amortized cost - current (Notes 4, 9 and 31)	4,079,619	1	6,218,617	2
Financial assets for hedging - current (Notes 4, 6 and 31)	10,353,943	4	4,031,662	1
Notes and accounts receivable, net (Notes 4, 10 and 31)	10,000,732	3	11,126,642	4
Notes and accounts receivable - related parties (Notes 31 and 32)	16,176	-	4,849	-
Finance lease receivables - current (Notes 4, 21 and 31)	265,955	-	-	-
Other receivables (Notes 4 and 31)	808,005	-	963,004	-
Current tax assets (Notes 4 and 28)	27,984	-	5,259	-
Inventories (Notes 4 and 11)	10,678,706	4	10,775,467	4
Non-current assets held for sale (Notes 4, 5 and 12)	1,290,581	1	-	-
Other current assets (Note 18)	1,593,490	1	1,596,912	1
Total current assets	69,693,315	24	69,822,343	24
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 31)	103,982	-	123,033	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 31)	224,912	-	205,765	-
Investments accounted for using the equity method (Notes 4 and 14)	1,737,235	1	1,453,244	-
Property, plant and equipment (Notes 4, 5, 15 and 33)	123,342,731	42	128,207,404	44
Right-of-use assets (Notes 4 and 21)	52,231,083	18	59,015,407	20
Investment properties (Notes 4 and 16)	2,071,785	1	2,072,012	1
Other intangible assets (Notes 4 and 17)	791,567	-	883,420	-
Deferred tax assets (Notes 4 and 28)	8,192,270	3	8,446,347	3
Finance lease receivables - non-current (Notes 4, 21 and 31)	187,901	-	-	-
Other non-current assets (Notes 18, 21, 25, 31 and 33)	32,665,650	11	24,183,218	8
Total non-current assets	221,549,116	76	224,589,850	76
TOTAL	$ 291,242,431	100	$ 294,412,193	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 31)	$ 35,000	-	$ 835,000	-
Short-term bills payable (Notes 19 and 31)	20,000	-	-	-
Financial liabilities for hedging - current (Notes 4, 21 and 31)	8,889,205	3	9,983,959	3
Notes and accounts payable (Note 31)	1,382,344	1	1,357,805	1
Accounts payable - related parties (Notes 31 and 32)	670,814	-	317,810	-
Other payables (Notes 22 and 31)	17,750,515	6	15,207,259	5
Current tax liabilities (Notes 4 and 28)	205,147	-	492,415	-
Lease liabilities - current (Notes 4, 21 and 31)	3,364,630	1	3,027,890	1
Contract liabilities - current (Notes 4 and 23)	26,473,116	9	17,409,654	6
Provisions - current (Notes 4 and 24)	2,742,402	1	3,691,812	1
Current portion of bonds payable and put option of convertible bonds (Notes 4, 20, 26 and 31)	4,723,814	2	2,350,000	1
Current portion of long-term borrowings (Notes 19, 31 and 33)	18,669,326	6	13,225,516	5
Other current liabilities (Note 31)	5,119,354	2	3,355,958	1
Total current liabilities	90,045,667	31	71,255,078	24
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 4, 21 and 31)	26,099,758	9	32,190,102	11
Bonds payable - non-current (Notes 4, 20, 26 and 31)	4,925,000	2	7,649,674	3
Long-term borrowings (Notes 19, 31 and 33)	46,478,031	16	65,109,050	22
Contract liabilities - non-current (Notes 4 and 23)	2,964,299	1	1,280,906	-
Provisions - non-current (Notes 4 and 24)	16,865,601	6	17,271,121	6
Deferred tax liabilities (Notes 4 and 28)	196,899	-	166,864	-
Lease liabilities - non-current (Notes 4, 21 and 31)	15,783,549	5	15,439,535	5
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	9,706,647	3	9,229,640	3
Other non-current liabilities (Note 31)	698,110	-	2,366,781	1
Total non-current liabilities	123,717,894	42	150,703,673	51
Total liabilities	213,763,561	73	221,958,751	75
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 20 and 26)				
Share capital	60,513,407	21	60,135,374	20
Capital surplus	3,887,046	1	3,120,311	1
Retained earnings				
Legal reserve	1,230,977	1	925,385	1
Special reserve	534,375	-	-	-
Unappropriated retained earnings	9,146,199	3	6,384,381	2
Total retained earnings	10,911,551	4	7,309,766	3
Other equity	(690,014)	-	(534,375)	-
Treasury shares	(30,875)	-	(30,875)	-
Total equity attributable to owners of the Company	74,591,115	26	70,000,201	24
NON-CONTROLLING INTERESTS (Note 26)	2,887,755	1	2,453,241	1
Total equity	77,478,870	27	72,453,442	25
TOTAL	$ 291,242,431	100	$ 294,412,193	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 8, 2024)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 27 and 32)	$ 184,816,790	100	$ 150,722,471	100
OPERATING COSTS (Notes 4, 10, 11, 17, 24, 25, 27 and 32)	160,986,016	87	139,352,258	92
GROSS PROFIT	23,830,774	13	11,370,213	8
OPERATING EXPENSES (Notes 4, 25, 27 and 32)	13,673,353	8	8,785,479	6
PROFIT FROM OPERATIONS	10,157,421	5	2,584,734	2
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 8 and 27)	2,205,800	1	1,588,586	1
Other gains and losses (Notes 12, 14, 15, 27 and 31)	(866,936)	-	1,103,071	1
Finance costs (Notes 27 and 31)	(2,608,298)	(1)	(2,540,792)	(2)
Share of the profit of associates and joint ventures (Note 14)	417,485	-	(74,839)	-
Total non-operating income and expenses	(851,949)	-	76,026	-
PROFIT BEFORE INCOME TAX	9,305,472	5	2,660,760	2
INCOME TAX EXPENSE (Notes 4 and 28)	1,834,271	1	415,359	1
NET PROFIT FOR THE YEAR	7,471,201	4	2,245,401	1
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Gain (loss) on hedging instruments subject to basis adjustment (Notes 4, 26 and 31)	(354,851)	-	(144,906)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 26)	(18,154)	-	54,956	-
Remeasurement of defined benefit plans (Notes 4 and 25)	(648,987)	-	355,040	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	(55,639)	-	18,070	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 28)	129,759	-	(132,980)	-
	(947,872)	-	150,180	-

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CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 26)	$ (12,572)	-	$ 147,595	-
Gain (loss) on hedging instruments not subject to basis adjustment (Notes 4, 26 and 31)	70,964	-	(4,140,897)	(3)
Income tax related to items that may be reclassified subsequently to profit or loss (Note 28)	(13,480)	-	799,193	1
	44,912	-	(3,194,109)	(2)
Other comprehensive income (loss) for the year, net of income tax	(902,960)	-	(3,043,929)	(2)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 6,568,241	4	$ (798,528)	(1)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 6,818,552	4	$ 2,859,503	2
Non-controlling interests	652,649	-	(614,102)	(1)
	$ 7,471,201	4	$ 2,245,401	1
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 6,049,509	3	$ (292,972)	-
Non-controlling interests	518,732	1	(505,556)	(1)
	$ 6,568,241	4	$ (798,528)	(1)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 29)				
Basic	$ 1.13		$ 0.48	
Diluted	$ 1.11		$ 0.47	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 8, 2024) (Concluded)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Asset at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Treasury Shares Held by Subsidiaries	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	$ 59,412,243	$ 2,694,529	$ -	$ -	$ 9,253,848	$ (120,079)	$ (5,512)	$ 2,839,419	$ (30,875)	$ 74,043,573	$ 3,161,445	$ 77,205,018
Basis adjustment to gain (loss) on hedging instruments	-	-	-	-	-	-	-	100,687	-	100,687	-	100,687
Appropriation of 2021 earnings												
Legal reserve	-	-	925,385	-	(925,385)	-	-	-	-	-	-	-
Cash dividends - $0.83145736 per share	-	-	-	-	(5,000,000)	-	-	-	-	(5,000,000)	-	(5,000,000)
Changes in capital surplus from dividends distributed to subsidiaries	-	1,725	-	-	-	-	-	-	-	1,725	-	1,725
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	2,859,503	-	-	-	-	2,859,503	(614,102)	2,245,401
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	196,415	115,781	46,430	(3,511,101)	-	(3,152,475)	108,546	(3,043,929)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	3,055,918	115,781	46,430	(3,511,101)	-	(292,972)	(505,556)	(798,528)
Convertible bonds converted to ordinary shares	723,131	424,050	-	-	-	-	-	-	-	1,147,181	-	1,147,181
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(202,650)	(202,650)
Others	-	7	-	-	-	-	-	-	-	7	2	9
BALANCE AT DECEMBER 31, 2022	60,135,374	3,120,311	925,385	-	6,384,381	(4,298)	40,918	(570,995)	(30,875)	70,000,201	2,453,241	72,453,442
Basis adjustment to gain (loss) on hedging instruments	-	-	-	-	-	-	-	168,844	-	168,844	-	168,844
Appropriation of 2022 earnings												
Legal reserve	-	-	305,592	-	(305,592)	-	-	-	-	-	-	-
Special reserve	-	-	-	534,375	(534,375)	-	-	-	-	-	-	-
Cash dividends - $0.4602191 per share	-	-	-	-	(2,772,207)	-	-	-	-	(2,772,207)	-	(2,772,207)
Changes in capital surplus from dividends distributed to subsidiaries	-	955	-	-	-	-	-	-	-	955	-	955
Changes in percentage of ownership interests in subsidiaries	-	452,110	-	-	-	-	-	-	-	452,110	164,355	616,465
Issuance of employee share options by the subsidiaries	-	24,055	-	-	-	-	-	-	-	24,055	5,227	29,282
Net profit for the year ended December 31, 2023	-	-	-	-	6,818,552	-	-	-	-	6,818,552	652,649	7,471,201
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(444,560)	(8,667)	(18,192)	(297,624)	-	(769,043)	(133,917)	(902,960)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	6,373,992	(8,667)	(18,192)	(297,624)	-	6,049,509	518,732	6,568,241
Convertible bonds converted to ordinary shares	378,033	289,615	-	-	-	-	-	-	-	667,648	-	667,648
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(253,800)	(253,800)
BALANCE AT DECEMBER 31, 2023	$ 60,513,407	$ 3,887,046	$ 1,230,977	$ 534,375	$ 9,146,199	$ (12,965)	$ 22,726	$ (699,775)	$ (30,875)	$ 74,591,115	$ 2,887,755	$ 77,478,870

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 8, 2024)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 9,305,472	$ 2,660,760
Adjustments for:		
Depreciation expense	30,433,350	30,103,942
Amortization expense	223,600	223,096
Expected credit loss recognized on trade receivables	693	38,474
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(1,758)	(365)
Finance costs	2,608,298	2,540,792
Interest income	(1,802,654)	(639,845)
Dividend income	(21,662)	(12,666)
Compensation costs of employee share options	29,282	-
Share of loss (profit) of associates and joint ventures	(417,485)	74,839
Gain on disposal of property, plant and equipment	(555,914)	(30,006)
Loss (gain) on disposal of non-current assets held for sale	2,364	(558,477)
Gain on disposal of investments	(2,523)	-
Impairment loss recognized on flight equipment	1,901,450	1,641
Loss on inventories and property, plant and equipment	2,915,549	605,466
Net loss on foreign currency exchange	125,439	2,285,096
Recognition of provisions	6,192,669	5,209,904
Others	167,165	84,435
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(65,340)	36,993
Notes and accounts receivable	1,037,497	2,391,598
Accounts receivable - related parties	(291,042)	68,142
Other receivables	126,265	(186,284)
Inventories	(2,275,270)	(2,287,180)
Other current assets	33,013	(1,018,961)
Notes and accounts payable	326,155	365,095
Accounts payable - related parties	618,193	124,409
Other payables	4,641,168	644,258
Contract liabilities	10,645,541	14,186,269
Provisions	(7,429,593)	(4,306,337)
Other current liabilities	1,677,934	1,044,042
Defined benefit liabilities	(172,293)	(282,784)
Other liabilities	(1,330,451)	73,722
Cash generated from operations	58,645,112	53,440,068
Interest received	1,733,515	635,372
Dividends received	139,718	76,513
Interest paid	(2,928,539)	(2,680,263)
Income tax paid	(1,744,205)	(4,622,949)
Net cash generated from operating activities	55,845,601	46,848,741

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CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	$ (19,043,551)	$ (6,923,725)
Proceeds from sale of financial assets at amortized cost	21,083,676	13,573,488
Purchase of financial assets for hedging	(16,276,122)	(9,535,604)
Proceeds from sale of financial assets for hedging	9,497,256	9,063,037
Net cash generated from disposal of investments accounted for using equity method	2,523	-
Proceeds from disposal of non-current assets held for sale	1,077,006	679,951
Payments for property, plant and equipment	(1,997,578)	(2,568,507)
Proceeds from disposal of property, plant and equipment	2,495,160	41,219
Increase in refundable deposits	(199,825)	(347,149)
Decrease in refundable deposits	306,618	490,711
Increase in finance lease receivable	(786,163)	-
Decrease in finance lease receivable	336,001	-
Increase in prepayments for equipment	(27,187,511)	(24,393,851)
Payments for other intangible assets	(167,860)	(151,010)
Decrease (increase) in restricted assets	199,899	(109,994)
Net cash used in investing activities	(30,660,471)	(20,181,434)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(800,000)	(1,097,000)
Increase in short-term bill payable	20,000	-
Proceeds from issuance of bonds payable	2,650,000	-
Repayments of bonds payable	(2,350,000)	(2,525,200)
Proceeds from long-term borrowings	14,483,108	7,634,984
Repayments of long-term borrowings	(27,670,317)	(23,694,020)
Repayments of the principal portion of lease liabilities	(13,595,372)	(11,870,422)
Proceeds from guarantee deposits received	175,552	165,176
Refund of guarantee deposits received	(317,618)	(97,801)
Proceeds from issuance of ordinary shares of subsidiaries to non-controlling interests	821,464	-
Dividends paid	(2,771,252)	(4,998,275)
Dividends paid to non-controlling interests	(253,800)	(202,650)
Capital returned to non-controlling interests by subsidiaries on capital reduction	(205,000)	-
Others	-	9
Net cash used in financing activities	(29,813,235)	(36,685,199)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	39,200	(271,505)

(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (4,588,905)	$ (10,289,397)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	34,980,469	45,269,866
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 30,391,564	$ 34,980,469

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 8, 2024) (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Airlines, Ltd. (the "Company") was founded in 1959 and its shares have been listed on the Taiwan Stock Exchange since February 26, 1993. The Company is primarily involved in (a) air transport services for passengers, cargo and mail; (b) ground services and routine aircraft maintenance; (c) major maintenance of flight equipment; (d) communications and data processing services to other airlines; (e) the sale of aircraft parts, equipment and the entire aircraft; and (f) leasing of aircraft.

The major shareholders of the Company are China Aviation Development Foundation (CADF) and National Development Fund (NDF), Executive Yuan. As of December 31, 2023 and 2022, CADF and NDF held a combined 39.43% and 39.69%, respectively of the Company's shares.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") were approved by the Company's board of directors on March 8, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 inputs are unobservable inputs for an asset or liability.

Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

Foreign Currencies

In preparing the consolidated financial statements of the Group, the transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on:

a. Foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

b. Transactions entered into in order to hedge certain foreign currency risks.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Inventories

Inventories are primarily expendable and nonexpendable parts and materials, supplies used in operations and items for in-flight sales and are stated at the lower of cost or net realizable value. The costs of inventories sold or consumed are determined using the weighted-average method.

Non-current Assets Held for Sale

Non-current assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement and the rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of equity of associates and joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used for more than one period. The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group; the cost of the item can be measured reliably. Property, plant and equipment are stated at cost less recognized accumulated depreciation and recognized accumulated impairment loss.

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period. The impact of any changes in accounting estimates is accounted for on a prospective basis under IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method, which is the amount of cost less residual value divided by the useful life of the investment property.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life shall be assumed zero unless the Group expects to dispose of the intangible asset before the end of its economic life. The impact of any changes in accounting estimates is accounted for on a prospective basis under IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

Impairment of Property, Plant and Equipment, Right-of-use Asset, Investment Properties and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis; otherwise, corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Group uses the estimated cash flows discounted by the future pre-tax discount rate, and the discount rate reflects the current market time value of money and the specific risks to the asset for estimated future cash flows not yet adjusting to the market.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

   All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. All regular way purchases or sales of financial assets are buy or sell of financial assets in the period set by regulation or market convention.

   1) Measurement categories

      Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

      a) Financial assets at FVTPL

         Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

         Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 31.

      b) Financial assets at amortized cost

         Financial assets that meet the following conditions are subsequently measured at amortized cost:

         i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

         ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

         Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, other receivables and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if an equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of an investment.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables and finance lease receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, finance lease receivables and other receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

Except for derivative financial instruments, all financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

e. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and fuel price risks, including foreign exchange forward contracts, interest rate swaps, currency options, fuel options and swap.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges. When entering into hedging transactions, the Group has prepared official documents that describe the hedging relationship between hedging instruments and items which have been hedged, the objective of risk management, the hedging strategy, and the way to evaluate the effectiveness of the hedging instrument.

The effective portion of gains and losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period (in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

Provisions

The Group recognizes provisions when the Group has a present obligation (legal or constructive obligation) arising from past events, the payment for the obligation is probable, and the expenditure for settling the obligation can be reliably estimated.

The amount recognized as a provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured at the estimate of using the cash flows to settle the present obligation, its carrying amount is the present value of those cash flows. When the aircraft lease contracts expire and the leased item will be returned to the lessor, the Group will assess if there are existing obligations exist and if a provision is required to be recognized when signing the lease contract.

Revenue Recognition

The Group recognizes revenue by applying the following steps:

- Identifying the contract with the customer;
- Identifying the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Group satisfies a performance obligation.

Shipping service revenue

Passenger and cargo revenue are recognized as revenue when the passengers and goods are actually carried. When the tickets are sold, due to the fact that the fulfillment of performance obligations of the shipment have not been met, the relevant amount of revenue is initially recorded as contract liabilities until passengers actually board.

Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of Covid-19 to change the lease payments originally due by June 30, 2022, which results in the revised consideration for the lease substantially the same as, or less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to rent concessions for the abovementioned lease contracts, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occurs and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor, and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

b. Retirement benefits

   Payments to the defined contribution retirement benefit plan are recognized as expenses when employees have rendered services entitling them to the contributions.

   Defined benefit costs (including service cost, net interest and remeasurement) under defined retirement benefit plan are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

   Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

Frequent Flyer Programs

The Group has a "Dynasty Flyer Program" through which program members can convert accumulated mileage to a cabin upgrade, free tickets and other member rewards and operates a "Tigerclub Member Privilege Program" to provide members with accumulated ticket reward bonuses, which can be used to offset the payments for airfare, luggage fees, priority check-ins, and ordering of meals in flight cabins. A portion of passenger revenue attributable to the rewards for the frequent flyer program is deferred. The Group should recognizes this deferred revenue as revenue only when the Group has fulfilled its obligations on the granting of rewards or when the period for converting the mileage to rewards has expired.

Share-based Payment Arrangements

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instrument that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the equity-settled share-based payments is recognized as an expense in full at the grant date when the granted share options are vested immediately.

Income Tax

Income tax expense represents the sum of the current tax and deferred tax.

a. Current tax

The current tax liabilities are based on current taxable profit. Since part of the income and expenses are taxable or deductible in other periods, or in accordance with the relevant tax laws are taxable or deductible, current taxable profit differs from net profit reported in the consolidated statements of comprehensive income. The Group's current tax liabilities are calculated by the tax rate was legislated or substantially legislated at the balance sheet date.

According to the Income Tax Act in the R.O.C Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve the retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Maintenance and Overhaul Costs

Routine maintenance costs are recognized in profit or loss in the period in which they are incurred.

The overhaul costs of an owned or leased aircraft that meet the criteria for fixed asset capitalization are capitalized as replacements for aircraft and engines and are depreciated on a straight-line basis over the expected annual overhaul cycle.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies as disclosed in Note 4, management is required to make judgments, estimations and assumptions on the carrying amounts that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined Benefit Obligations

The present value of defined benefit obligations at the end of the reporting period is calculated using actuarial assumptions. Those assumptions, which are based on management's judgments and estimates, comprise the discount rate and expected return on plan assets. Changes in actuarial assumptions may have a material impact on the amount of defined benefit obligations.

Useful Lives of Property, Plant and Equipment - Flight Equipment

Flight equipment is measured at cost less residual value and are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives and residual values are evaluated based on the Company's historical experience and current usage condition in the aviation industry.

Because of the change in fleet planning to match the economic benefits with the useful lives, on March 8, 2024, the Company's board of directors resolved to modify the estimated useful lives of eight B747-400F freighters from 24 years to 22 years and the estimated useful lives of two 80C2 engines from 8 years to 6 years, effective on May 1, 2024. It is estimated that the depreciation expense in 2024 will increase by $679 million.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand and revolving funds	$ 903,815	$ 599,368
Checking accounts and demand deposits	9,077,246	8,001,937
Cash equivalents		
Time deposits with original maturities of less than three months	14,293,056	20,620,078
Repurchase agreements collateralized by bonds	6,117,447	5,759,086
	$ 30,391,564	$ 34,980,469

The market rate intervals of cash in banks and cash equivalents at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Bank balance	0%-5.10%	0%-1.00%
Time deposits with original maturities of less than three months	0.61%-6.20%	0.33%-4.95%
Repurchase agreements collateralized by bonds	0.70%-5.78%	0.58%-4.70%

The Group designated some deposits denominated in USD and repurchase agreements collateralized by bonds as hedging instruments to avoid exchange rate fluctuations on final payments of aircraft orders and prepayments for equipment, and applied cash flow hedge accounting to hedge its foreign exchange exposure. The contract information is as follows:

	Maturity Date	**Subject**	**Carrying Value**
December 31, 2023	2024.1.5-2024.2.7	Financial assets for hedging - current	$ 10,307,692
December 31, 2022	2023.1.3-2023.1.18	Financial assets for hedging - current	3,987,730

Impact on comprehensive income (loss)

	Recognized in Other Comprehensive Income (Loss)
For the year ended December 31, 2023	$ (449,744)
For the year ended December 31, 2022	(40,217)

For the years ended December 31, 2023 and 2022, the amounts of hedging instrument settlements recognized as prepayments for equipment were $159,683 thousand and $101,626 thousand, respectively.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	December 31	
	2023	**2022**
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Beneficiary certificates	$ 186,560	$ 119,462

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

Investments in Equity Instruments

	December 31	
	2023	**2022**
Non-current		
Foreign investments		
Unlisted shares	$ 81,197	$ 81,905
Domestic investments		
Unlisted shares	22,785	41,128
	$ 103,982	$ 123,033

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes and are expected to profit through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair values in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	**2022**
Current		
Time deposits with original maturities of more than 3 months	$ 4,079,619	$ 6,218,617
Non-current		
Time deposits with original maturities of more than 1 year	$ 224,912	$ 205,765

The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.21%-5.89% and 0.45%-5.05% per annum as of December 31, 2023 and 2022, respectively.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2023	**2022**
Notes receivable	$ 176,960	$ 72,435
Accounts receivable		
At amortized cost		
Gross carrying amount	10,081,225	11,315,652
Less: Allowance for impairment loss	(257,453)	(261,445)
	9,823,772	11,054,207
	$ 10,000,732	$ 11,126,642

The average credit period was 7 to 55 days. In determining the recoverability of an accounts receivable, the Group considered any change in the credit quality of the receivable since the date credit was initially granted to the end of the reporting period, and any allowance for impairment loss was based on the estimated irrecoverable amounts determined by reference to the Group's past default experience with the counterparty and an analysis of the counterparty's current financial position. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowance for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience with the debtors and an analysis of the debtors' current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on the past due status is not further distinguished according to the different segments of the Group's customer base.

The Group writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the past due receivables. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0.88%	10.07%	52.21%	99.95%	99.99%	
Gross carrying amount	$ 9,763,070	$ 155,960	$ 13,399	$ 9,669	$ 139,127	$ 10,081,225
Loss allowance (lifetime ECLs)	(85,963)	(15,709)	(6,996)	(9,664)	(139,121)	(257,453)
Amortized cost	$ 9,677,107	$ 140,251	$ 6,403	$ 5	$ 6	$ 9,823,772

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	1.04%	7.66%	11.02%	46.42%	99.29%	
Gross carrying amount	$ 11,076,632	$ 82,406	$ 16,704	$ 517	$ 139,393	$ 11,315,652
Loss allowance (lifetime ECLs)	(114,644)	(6,315)	(1,841)	(240)	(138,405)	(261,445)
Amortized cost	$ 10,961,988	$ 76,091	$ 14,863	$ 277	$ 988	$ 11,054,207

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 261,445	$ 235,560
Add: Net remeasurement of loss allowance	693	38,474
Add: Amounts recovered	35	208
Less: Amounts written off	(4,720)	(12,812)
Foreign exchange gains and losses	-	15
Balance at December 31	$ 257,453	$ 261,445

11. INVENTORIES

	December 31	
	2023	2022
Aircraft spare parts	$ 9,536,389	$ 9,756,141
Items for in-flight sale	659,584	625,959
Work in process - maintenance services	388,582	301,368
Others	94,151	91,999
	$ 10,678,706	$ 10,775,467

The operating costs for the years ended December 31, 2023 and 2022 included losses from inventory write-downs of $1,177,118 thousand and $286,742 thousand, respectively.

12. NON-CURRENT ASSETS HELD FOR SALE

	December 31	
	2023	2022
Aircraft held for sale	$ 1,290,581	$ -

To enhance its competitiveness, the Company plans to introduce new aircraft and retire old aircraft according to a planned schedule. Such aircraft, classified as non-current assets held for sale, had an original carrying amount which was higher than the expected sale price and which was recognized as an impairment loss, and would be continuously assessed whether there are further impairments in subsequent periods. However, the actual loss shall be identified by the actual sale price. The Company recognized the impairment losses of $979,459 thousands for the year ended December 31, 2023.

The fair value measurement is classified as Level 3, and the fair value was determined according to similar transactions of the related markets. The proposed sale prices were based on the current status of the aircraft.

The Company disposed of the aircraft held for sale for the years ended December 31, 2023 and 2022, and recognized a loss of 2,364 thousand and a gain of $558,477 thousand, respectively.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follow:

Investor Company	Investee Company	Main Businesses and Products	Proportion of Ownership (%) December 31 2023	2022
China Airlines, Ltd.	Tigerair Taiwan Co., Ltd. (Note)	Air transportation	79	82
	Taiwan Aircraft Maintenance And Engineering Co., Ltd.	Aircraft maintenance	100	100
	Cal-Dynasty International	A holding company, real estate and hotel services	100	100
	Cal-Asia Investment	General investment	100	100
	Dynasty Aerotech International Corp.	Cleaning of aircraft and maintenance of machine and equipment	100	100
	Cal Park	Real estate lease and international trade	100	100
	Cal Hotel Co., Ltd.	Hotel business	100	100
	Sabre Travel Network (Taiwan)	Sale and maintenance of hardware and software	94	94
	Mandarin Airlines	Air transportation and maintenance of aircraft	97	97
	Taiwan Air Cargo Terminal (Note)	Air cargo and storage	59	59
	Kaohsiung Catering Services, Ltd.	In-flight catering	54	54
	Taoyuan International Airport Services	Airport services	49	49
	Taiwan Airport Services (Note)	Airport services	48	48
	Global Sky Express	Forwarding and storage of air cargo	25	25
Cal-Dynasty International	Dynasty Properties Co., Ltd.	Real estate management	100	100
	Dynasty Hotel of Hawaii, Inc.	Hotel business	100	100
Taiwan Airport Services	Taiwan Airport Service (Samoa)	Airport supporting service and investment	100	100

Note: Proportion of ownership is considered from the perspective of the Group.

The Company has control over Taoyuan International Airport Service, Taiwan Airport Service and Global Sky Express despite its ownership of less than 50% and owns more than 50% of voting shares in other subsidiaries. The above financial information of the subsidiaries for the years ended December 31, 2023 and 2022 was reported according to financial statements that were audited by independent auditors.

On February 13, 2023, the board of directors of Tigerair Taiwan Co., Ltd. resolved to issue 36,000 thousand ordinary shares for cash to strengthen its capital structure. On March 9, 2023, the board of directors of the Company approved the subscription plan at $25 per share. In April 2023, the Company subscribed for 23,993 thousand shares. The proportion of ownership of the Group decreased to 81%. Because the shares were subscribed at a percentage different from its existing ownership percentage, the Company’s capital surplus increased by $85,930 thousand. In addition, Tigerair Taiwan Co., Ltd. reserves 15% of the total of issuances for employees to subscribe to according to article 267, item 1 of the Company Act. Therefore, the Company’s capital surplus increased by $24,055 thousand and non-controlling interests increased by $5,227 thousand.

In addition, Tigerair Taiwan Co., Ltd. applied for a listing on the Taiwan Innovation Board of the Taiwan Stock Exchange on December 21, 2022. The board of directors of the Taiwan Stock Exchange approved the listing application on February 21, 2023, and it was reported to the competent authority. To cooperate with the public underwriting before the initial listing on the Taiwan Innovation Board, the board of directors of Tigerair Taiwan Co., Ltd. approved the issuance of 13,000 thousand ordinary shares for cash on May 5, 2023, and the issuance was approved by the competent authority in July 2023. In addition, due to relevant regulations, the Group did not participate in ordinary shares for cash, so the Group's comprehensive subscribing percentage dropped to 79%. Because the shares were subscribed at a percentage different from its existing ownership percentage, the Company’s capital surplus increased by $366,180 thousand.

Taiwan Air Cargo Terminal carried out a capital reduction to return investment to shareholders by $500,000 thousand. The reduction date was in August 2023. After capital deduction, the proportion of ownership in the Company remained unchanged.

In June 2023, Cal Park made up a gain of $28,896 thousand by capital increase out of retained earnings; the proportion of ownership of the Company remained unchanged.

In November 2022, Taiwan Aircraft Maintenance and Engineering Co., Ltd. made up a loss of $140,000 thousand by capital reduction; the proportion of ownership of the Company remained unchanged.

In December 2022, Cal Hotel Co., Ltd. made up a loss of $130,200 thousand by capital reduction; the proportion of ownership of the Company remained unchanged.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	**2022**
Investments in associates	$ 860,285	$ 885,608
Investments in joint ventures	876,950	567,636
	$ 1,737,235	$ 1,453,244

a. The investments in associates were as follows:

	December 31	
	2023	**2022**
Unlisted companies		
Dynasty Holidays	$ -	$ -
Airport Air Cargo Terminal (Xiamen)	511,283	518,715
Airport Air Cargo Service (Xiamen)	299,972	309,705
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	49,030	57,188
	$ 860,285	$ 885,608

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2023**	**2022**
Dynasty Holidays	-	20%
Airport air Cargo Terminal (Xiamen)	28%	28%
Airport air Cargo Service (Xiamen)	28%	28%
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	35%	35%

The share of profit or loss of associates accounted for using the equity method was as follows:

	For the Year Ended December 31	
	2023	2022
Dynasty Holidays	$ -	$ -
Airport air Cargo Terminal (Xiamen)	28,125	23,508
Airport air Cargo Service (Xiamen)	20,017	30,185
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	4,390	12,572
	$ 52,532	$ 66,265

The Group's share of other comprehensive income of associates accounted for using the equity method amounted to $0 for the years ended December 31, 2023 and 2022.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on these investees' financial statements which have been audited, for Eastern United International Logistics (Holding) Ltd (Hong Kong). However, the management determined that there would have been no significant adjustments had these investees' financial statements been independently audited.

China Aircraft Services issued ordinary shares to meet the needs for funds in March 2022. The Group did not participate in the subscription, so the proportion of ownership of the Group decreased from 20% to 4% and the Group lost significant influence over China Aircraft Services. Therefore, the investment in China Aircraft Services which was initially classified as investments accounted for using the equity method was reclassified as financial assets at fair value through other comprehensive income since March 2022.

Dynasty Holidays was classified as associate accounted for using the equity method. On May 31, 2022, the provisional shareholders' meeting was held, and the shareholders resolved to dissolve Dynasty Holidays, and the liquidation process has completed in June 2023. The Company has gained the liquidation income by $2,523 thousand.

b. Investments in joint ventures

The investments in joint ventures were as follows:

	December 31	
	2023	2022
China Pacific Catering Services	$ 767,615	$ 448,222
China Pacific Laundry Services	101,705	92,684
NORDAM Asia Ltd.	-	19,196
Delica International Co., Ltd.	7,630	7,534
	$ 876,950	$ 567,636

At the end of the reporting period, the proportion of ownership and voting rights in joint ventures held by the Group was as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
China Pacific Catering Services	51%	51%
China Pacific Laundry Services	55%	55%
NORDAM Asia Ltd.	49%	49%
Delica International Co., Ltd.	51%	51%

The Group entered into a joint venture agreement with the Taikoo Group to invest in China Pacific Catering Services and China Pacific Laundry Services. According to the agreement, both parties have the right to make motion votes on the board of directors, and therefore, the Group does not have control.

NORDAM Asia was classified as associate accounted for using the equity method. On October 27, 2023, the provisional shareholders' meeting was held and the shareholders resolved to dissolve NORDAM Asia, and the liquidation process is in progress.

To expand the Group's catering business, Kaohsiung Catering entered into a joint venture agreement with a Japanese brand company to invest in Delica International Co, Ltd., with the Japanese brand company having the right to make decisions on operations, and therefore, the Group does not have control.

The share of profit or loss of joint ventures accounted for using the equity method was as follows:

	For the Year Ended December 31	
	2023	2022
China Pacific Catering Services	$ 371,539	$ (104,360)
China Pacific Laundry Services	12,514	(26,931)
NORDAM Asia Ltd.	(19,196)	(9,640)
Delica International Co., Ltd.	96	(173)
	$ 364,953	$ (141,104)

The Group's shares of other comprehensive income of joint ventures accounted for using the equity method for the years ended December 31, 2023 and 2022 were $(55,639) thousand and $18,070 thousand, respectively.

Except for NORDAM Asia, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on these investees' financial statements which have been audited. However, the management determined that there would have been no significant adjustments had this investee's financial statements been independently audited.

For information on the major businesses and products and the locations of registration for the major business offices of the above entities, refer to Table 7 (names, locations, and related information of investees on which the Company exercises significant influence) and Table 8 investment in mainland China following the notes to the consolidated financial statements.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Flight Equipment	Others	Total
Cost					
Balance at January 1, 2022	$ 943,305	$ 15,921,862	$ 247,842,073	$ 17,625,366	$ 282,332,606
Additions	-	78,007	1,581,677	908,823	2,568,507
Disposals	-	(25,304)	(2,806,062)	(341,614)	(3,172,980)
Reclassification	-	6,349	9,813,832	78,152	9,898,333
Net exchange differences	52,564	97,370	-	10,530	160,464
Balance at December 31, 2022	$ 995,869	$ 16,078,284	$ 256,431,520	$ 18,281,257	$ 291,786,930
Accumulated depreciation and impairment					
Balance at January 1, 2022	$ -	$ (7,582,813)	$ (132,691,333)	$ (12,426,414)	$ (152,700,560)
Depreciation expense	-	(500,489)	(15,534,520)	(948,487)	(16,983,496)
Disposals	-	25,304	2,486,594	338,035	2,849,933
Reclassification	-	-	3,319,913	551	3,320,464
Net exchange differences	-	(55,163)	-	(9,063)	(64,226)
Impairment losses	-	-	(1,641)	-	(1,641)
Balance at December 31, 2022	$ -	$ (8,113,161)	$ (142,420,987)	$ (13,045,378)	$ (163,579,526)
Balance at December 31, 2022, net value	$ 995,869	$ 7,965,123	$ 114,010,533	$ 5,235,879	$ 128,207,404
Cost					
Balance at January 1, 2023	$ 995,869	$ 16,078,284	$ 256,431,520	$ 18,281,257	$ 291,786,930
Additions	-	122,706	1,413,490	461,382	1,997,578
Disposals	-	(1,263)	(23,236,983)	(585,983)	(23,824,229)
Reclassification	-	1,565	(6,815,126)	84,733	(6,728,828)
Net exchange differences	1,668	3,187	-	279	5,134
Balance at December 31, 2023	$ 997,537	$ 16,204,479	$ 227,792,901	$ 18,241,668	$ 263,236,585
Accumulated depreciation and impairment					
Balance at January 1, 2023	$ -	$ (8,113,161)	$ (142,420,987)	$ (13,045,378)	$ (163,579,526)
Depreciation expense	-	(503,359)	(15,380,355)	(963,355)	(16,847,069)
Disposals	-	1,255	20,865,317	588,564	21,455,136
Reclassification	-	-	19,996,073	6,204	20,002,277
Net exchange differences	-	(1,734)	-	(947)	(2,681)
Impairment losses	-	-	(921,991)	-	(921,991)
Balance at December 31, 2023	$ -	$ (8,616,999)	$ (117,861,943)	$ (13,414,912)	$ (139,893,854)
Balance at December 31, 2023, net value	$ 997,537	$ 7,587,480	$ 109,930,958	$ 4,826,756	$ 123,342,731

Reclassification is mainly resulted from the transfer of prepayments for equipment and adaption of non-current assets held for sale.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the asset as follows:

Building	
Main buildings	45-55 years
Others	10-25 years
Machinery and equipment	
Electro-mechanical equipment	25 years
Others	3-13 years
Office equipment	3-15 years

(Continued)

Leasehold improvements	
Building improvements	5 years
Others	3-5 years
Assets leased to others	3-5 years
Flight equipment and equipment under finance leases	
Airframes	15-25 years
Aircraft cabins	7-13 years
Engines	10-20 years
Heavy maintenance on aircraft	6-8 years
Engine overhauls	3-7 years
Landing gear overhauls	7-12 years
Repairable spare parts	3-15 years
Leased aircraft improvements	5-12 years

(Concluded)

To replace aging aircraft and revitalize the fleet, the Company's board of directors resolved the sale of five and two 747-400F aircraft on May 10 and August 9, 2023, respectively.

Considering the changes in model mix and phase-out plans, the Group used the fair value (Level 3) deducting transaction costs as the recoverable amount of some flight equipment and the Group recognized impairment losses of $921,991 thousand and $1,641 thousand for the years ended December 31, 2023 and 2022, respectively. The fair value was determined with reference to factors such as the condition of the flight equipment and possible market estimates.

Refer to Note 33 for the carrying amounts of property, plant and equipment pledged by the Group.

Based on the particularity of risk in the aviation industry, all of the Group's assets such as aircraft, real estate, and movable property are adequately insured to diversify the potential risk related to operations.

16. INVESTMENT PROPERTIES

	December 31	
	2023	**2022**
Carrying amount		
Investment properties	$ 2,071,785	$ 2,072,012

The investment properties held by the Group were land located in Nankan and buildings in Taipei, which were all leased to other parties. The buildings are depreciated on a straight-line basis over 55 years.

The fair value of the investment properties held by the Group were $3,137,644 thousand and $2,488,931 thousand as of December 31, 2023 and 2022, respectively. The above fair value valuation was performed by independent qualified professional valuers, and the future income evaluated by management was based on market transactions.

All of the Group's investment properties were held under freehold interest.

	Cost	Accumulated Depreciation	Net Value
Balance at January 1, 2022	$ 2,082,390	$ (7,859)	$ 2,074,531
Depreciation expense	-	(265)	(265)
Reclassification	(3,160)	906	(2,254)
Balance at December 31, 2022	$ 2,079,230	$ (7,218)	$ 2,072,012
Balance at January 1, 2023	$ 2,079,230	$ (7,218)	$ 2,072,012
Depreciation expense	-	(227)	(227)
Reclassification	(25)	25	-
Balance at December 31, 2023	$ 2,079,205	$ (7,420)	$ 2,071,785

17. OTHER INTANGIBLE ASSETS

	Computer Software Cost	Others	Accumulated Amortization	Net Value
Balance at January 1, 2022	$ 1,880,049	$ 168,280	$ (1,039,337)	$ 1,008,992
Additions	84,609	-	-	84,609
Reclassification	(47,057)	-	59,961	12,904
Amortization expense	-	-	(223,096)	(223,096)
Disposals	(4,197)	-	4,197	-
Effects of exchange rate changes	-	-	11	11
Balance at December 31, 2022	$ 1,913,404	$ 168,280	$ (1,198,264)	$ 883,420
Balance at January 1, 2023	$ 1,913,404	$ 168,280	$ (1,198,264)	$ 883,420
Additions	151,653	-	-	151,653
Reclassification	(85,186)	-	65,279	(19,907)
Amortization expense	-	-	(223,600)	(223,600)
Disposals	(3,381)	-	3,381	-
Effects of exchange rate changes	-	-	1	1
Balance at December 31, 2023	$ 1,976,490	$ 168,280	$ (1,353,203)	$ 791,567

The above items of other intangible assets are amortized on a straight-line basis over 2-16 years.

18. OTHER ASSETS

	December 31 2023	December 31 2022
Current		
Temporary payments	$ 456,611	$ 243,064
Prepayments	729,226	991,200
Restricted assets	13,954	13,336
Others	393,699	349,312
	$ 1,593,490	$ 1,596,912
Non-current		
Prepayments for aircraft	$ 28,814,500	$ 18,445,099
Prepayments - long-term	2,567,078	4,127,308
Refundable deposits	877,753	888,831
Restricted assets	378,179	689,124
Other financial assets	11,815	14,797
Others	16,325	18,059
	$ 32,665,650	$ 24,183,218

The prepayments for aircraft are comprised of prepaid deposits and capitalized interest from the purchase of A321neo, A320neo, ATR72-600, B777F, B787-9 and B787-10 aircraft. For details of the contract for the purchase of the aircraft, refer to Note 34.

19. BORROWINGS

a. Short-term borrowings

	December 31 2023	December 31 2022
Bank loans - unsecured	$ 35,000	$ 835,000
Interest rates	1.81%-2.10%	1.39%-1.90%

b. Short-term bills payable

	December 31 2023	December 31 2022
Commercial paper	$ 20,000	$ -
Annual discount rate	1.92%	-

c. Long-term borrowings

	December 31	
	2023	2022
Unsecured bank loans	$ 8,655,391	$ 21,730,551
Secured bank loans	40,062,527	35,978,893
Commercial paper		
Proceeds from issuance	16,470,000	20,670,000
Less: Unamortized discount	40,561	44,878
	65,147,357	78,334,566
Less: Current portion	18,669,326	13,225,516
	$ 46,478,031	$ 65,109,050
Interest rates	1.65%-2.25%	0.90%-2.02%

Secured bank loans are secured by flight equipment, buildings, and other equipment, refer to Note 33.

Bank loans (denominated in New Taiwan dollars) are repayable quarterly, semiannually or in lump sum upon maturity. The related information is summarized as follows:

	December 31	
	2023	2022
Periods	2009.2.4- 2035.12.14	2009.2.4- 2034.10.12

The Group has note issuance facilities (NIFs) obtained from certain financial institutions. The NIFs, with various maturities until September 2026, were used by the Group to guarantee commercial papers issued. As of December 31, 2023 and 2022, the commercial papers were issued at discount rates of 1.7368%-2.173% and 1.683%-1.9013%, respectively.

In accordance with the "Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens" endorsed by the Ministry of Transportation and Communications and the "Operational Guides on Relief Loan Guarantees for Ailing Aviation Industry Affected by Severe Pneumonia with Novel Pathogens", the Group applied for a special loan project to maintain its operations, and the fund along with subsidized interest rates were provided by the government. The total amount of the loans is $35,480 million, which shall be repaid within 2 to 4 years from the date of initial drawdown. As of December 31, 2023, the Group had made a drawdown in the amount of $34,800 million and repaid $29,170 million of the drawdown.

20. BONDS PAYABLE

	December 31	
	2023	2022
Unsecured corporate bonds first-time issued in 2017	$ 1,000,000	$ 1,000,000
Unsecured corporate bonds first-time issued in 2018	2,050,000	3,275,000
Unsecured corporate bonds first-time issued in 2019	2,375,000	3,500,000
Unsecured corporate bonds first-time issued in 2023	2,650,000	-
Convertible bonds - seventh-time issued	1,573,814	2,224,674
	9,648,814	9,999,674
Less: Current portion and put option of convertible bonds	4,723,814	2,350,000
	$ 4,925,000	$ 7,649,674

Related issuance conditions were as follows:

Category	Period	Conditions	Rate (%)
Seven-year private unsecured bonds - issued at par in May 2017; repayable on due date; interest of 1.75% p.a., payable annually	2017.05.19-2024.05.19	Principal repayable on due date; indicator rate; payable annually	1.75
Five-year private unsecured bonds - issued at par in November 2018; repayable in November 2022 and 2023; 1.32% interest p.a., payable annually	2018.11.30-2023.11.30	Principal repayable in November of 2022 and 2023; indicator rate; payable annually	1.32
Seven-year private unsecured bonds - issued at par in November 2018; repayable in November 2024 and 2025; 1.45% interest p.a., payable annually	2018.11.30-2025.11.30	Principal repayable in November of 2024 and 2025; indicator rate; payable annually	1.45
Five-year private unsecured bonds - issued at par in June 2019; repayable in June 2023 and 2024; 1.10% interest p.a., payable annually	2019.06.21-2024.06.21	Principal repayable in June of 2023 and 2024; indicator rate; payable annually	1.10
Seven-year private unsecured bonds - issued at par in June 2019; repayable in June 2025 and 2026; 1.32% interest p.a., payable annually	2019.06.21-2026.06.21	Principal repayable in June of 2025 and 2026; indicator rate; payable annually	1.32
Five-year private unsecured bonds - issued at par in May 2023; repayable in May 2027 and 2028; 1.90% interest p.a., payable annually	2023.05.22-2028.05.22	Principal repayable in May of 2027 and 2028; indicator rate; payable annually	1.90
Five-year convertible bonds - issued at discount in April 2021; repayable in lump sum upon maturity; 0.8612% discount rate p.a.	2021.4.28-2026.4.28	Unless bonds are converted to share capital or redeemed, principal repayable one time in April of 2026; 0.8612 discount rate p.a.	-

a. The Company issued the seventh issue of its unsecured convertible bonds, and the issuance conditions were as follows:

1) The holders may demand a lump-sum payment for the bonds upon maturity.

2) The holders can request that the Company repurchase their bonds at face value on the third anniversary of the offering date. The holders can exercise the right to sell on April 28, 2024.

3) The Company may redeem the bonds at face value between July 28, 2021 and March 18, 2026 under certain conditions.

4) Between July 28, 2021 and April 28, 2026 (except for the period between the former dividend date and the date of the dividend declaration on record), holders may convert their bonds into the Company's ordinary shares. The initial conversion price was set at NT$19 per share, which is subject to adjustment if there is a capital injection by cash or share dividend distribution. Because the Company distributed cash dividends on July 16, 2023, the conversion price was adjusted to NT$18. As of December 31, 2023, a total face value of $2,894,700 thousand of convertible bonds was converted into 154,182 thousand ordinary shares of the Company.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 0.8612% per annum on initial recognition.

Proceeds from issuance	$ 4,500,000
Equity component	(188,862)
Liability component at the date of issuance	4,311,138
Interest charged at an effective interest rate	45,648
Convertible bonds converted into ordinary shares	(2,132,112)
Liability component at December 31, 2022	2,224,674
Interest charged at an effective interest rate	16,788
Convertible bonds converted into ordinary shares	(667,648)
Liability component at December 31, 2023	$ 1,573,814

b. On March 9, 2023, the board of directors of the Company resolved to issue unsecured corporate bonds. The unsecured corporate bonds may be issued by installments in 2023 with a limited total face value of $8,000 million. The face value of a bond is $1,000 thousand. As of December 31, 2023, $2,650 million had been issued.

c. On March 8, 2024, the board of directors of the Company resolved to issue unsecured corporate bonds. The unsecured corporate bonds may be issued by installments in 2024 with a limited total face value of $8,000 million.

21. LEASE AGREEMENTS

a. Right-of-use assets

	December 31	
	2023	**2022**
Carrying amount		
Land	$ 5,501,123	$ 5,747,477
Buildings	3,106,392	2,801,527
Flight equipment	43,607,168	50,452,470
Other equipment	16,400	13,933
	$ 52,231,083	$ 59,015,407

	For Year Ended December 31	
	2023	**2022**
Additions to right-of-use assets	$ 7,653,438	$ 15,845,881
Depreciation for right-of-use assets		
Land	$ 406,103	$ 383,378
Buildings	755,774	274,520
Flight equipment	12,420,040	12,460,623
Other equipment	4,137	1,660
	$ 13,586,054	$ 13,120,181

b. Lease liabilities

	December 31	
	2023	**2022**
Carrying amount		
Current	$ 3,364,630	$ 3,027,890
Non-current	$ 15,783,549	$ 15,439,535

Range of discount rates for lease liabilities (include leases denominated in USD designated as hedging instruments):

	December 31	
	2023	**2022**
Land	0%-1.80%	0%-1.80%
Buildings	0%-4.65%	0%-4.65%
Flight equipment	0.68%-5.73%	0%-3.34%
Other equipment	0%-1.65%	0%-1.43%

c. Financial liabilities under hedge accounting

The Group specifies a part of aircraft leases denominated in USD as hedging instruments to avoid exchange rate fluctuations in passenger revenue and applies the accounting treatment of cash flow hedging. The lease information is as follows:

	Maturity Date	**Subject**	**Carrying Value**
December 31, 2023	2024.5.1-2034.12.31	Financial liabilities for hedging - current	$ 8,766,634
		Financial liabilities for hedging - non-current	26,094,250
December 31, 2022	2023.2.7-2034.12.31	Financial liabilities for hedging - current	9,817,440
		Financial liabilities for hedging - non-current	32,183,170

Influence of comprehensive income (loss)

	Recognized in Other Comprehensive Income (Loss)	**Reclassified to Income**
For the year ended December 31, 2023	$ 127,327	$ (329,884)
For the year ended December 31, 2022	(4,111,327)	114,759

d. Material leasing activities and terms

China Airlines, Mandarin Airlines and Tigerair Taiwan leased ten 777-300ER planes, fifteen A330-300 planes, ten 737-800 planes, eight A320-200 planes, six A320neo planes, ten A321neo planes, and three ART72-600 planes for operation, lease period are 4 to 16 years from February 2007 to December 2034. The rental pricing method is partly a fixed amount of funds, and some of them are floating rents, floating rents are according to benchmark ratio, the rent is revised every half year. When the lease expires, the lease agreements have no purchase rights.

The information of refundable deposits and opening of letter of credit due to rental of planes:

	December 31	
	2023	**2022**
Refundable deposits	$ 384,035	$ 553,321
Credit guarantees	1,755,126	2,085,941

CAL Park, and Taoyuan International Airport Service signed a BOT contract with a land lease agreement, for the details for the lease agreement, please refer to Note 34. The lease includes an option to extend the lease, as it is not possible to extend the lease, the amount of the lease related to the period covered by the option is not included in the lease liability. If the amount of the extended lease period is included in the lease liability, the lease liability would have increased by $921,583 thousand on December 31, 2023.

Taiwan Air Cargo Terminal Co. and Civil Aeronautics Administration (CAA) signed a BOT contract with a land lease agreement. For details, please refer to Note 34.

e. Lease agreement signed but not yet delivered

In October 2019, the Company signed a rental contract for eight A321neo with CALC Lease Corporation, which is expected to be introduced between 2022 and 2025. As of December 31, 2023, four A321neo have been delivered.

In November, 2023, the Company signed a rental contract for one A350-900 with lease corporation, which was delivered to Taiwan on December 30, 2023 and proceed with painting and maintenance operations at the Engineering and Maintenance Organization immediately. The first rental payment was expected to be paid in March 2024 when the aircraft turns into operation.

In February 2020, Tigerair Taiwan Co., Ltd. signed a rental contract for eight A320neo with ICBC Lease Corporation, which are expected to be delivered between 2021 and 2024. As of December 31, 2023, six A320neo have been delivered.

The Group also signed related aircraft purchase agreement, please refer to Note 34 for details.

f. Aircraft leases

In order to revitalize assets, the Company signed a lease agreement for two 747-400F aircraft with US Cargo Company in August 2021 and September 2021, respectively. The lease commencement dates were on July 15, 2022 and October 10, 2022, respectively. Due to early termination of the lease agreements, these two cargo aircraft were sold to Icelandic owner Air Atlanta Icelandic in August 2023. One of the cargo aircraft was sold on a finance lease basis, and ownership can only be obtained after the payment is paid in accordance with the 24-installment payment schedule.

Finance lease receivables

	December 31	
	2023	2022
Undiscounted lease payments		
Year 1	$ 289,300	$ -
Year 2	192,866	-
	482,166	-
Less: Unearned finance income	(28,310)	-
Net investment in leases presented as finance lease receivables	$ 453,856	$ -
Current	$ 265,955	$ -
Non-current	$ 187,901	$ -

The Group measures the loss allowance for finance lease receivables at an amount equals to lifetime ECLs. As of the date of balance sheet, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after considering the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

g. Other lease information

The Group uses operating lease agreement for investment properties, refer to Note 16.

	For the Year Ended December 31	
	2023	2022
Short-term leases and low-value asset leases	$ 101,822	$ 76,650
Total cash outflow for leases	$ (15,184,558)	$ (13,434,898)

The Group chooses to waive the recognition of the contract provisions for the short-term leases and low-value asset leases and does not recognize the related right-of-use assets and lease liabilities for such leases.

22. OTHER PAYABLES

	December 31	
	2023	2022
Short-term employee benefits	$ 5,655,168	$ 4,194,176
Fuel costs	4,740,640	4,715,624
Repair expenses	1,967,750	1,518,603
Ground service expenses	953,666	899,401
Terminal surcharges	922,902	901,498
Commission expenses	277,088	85,140
Finance costs	156,502	102,550
Others	3,076,799	2,790,267
	$ 17,750,515	$ 15,207,259

23. CONTRACT LIABILITIES

	December 31	
	2023	2022
Frequent flyer program	$ 3,961,174	$ 3,185,357
Advance ticket sales	25,476,241	15,505,203
	$ 29,437,415	$ 18,690,560
Current	$ 26,473,116	$ 17,409,654
Non-current	2,964,299	1,280,906
	$ 29,437,415	$ 18,690,560

24. PROVISIONS

	December 31	
	2023	2022
Leases - aircraft	$ 19,608,003	$ 20,962,933
Current	$ 2,742,402	$ 3,691,812
Non-current	16,865,601	17,271,121
	$ 19,608,003	$ 20,962,933

	Aircraft Lease Contracts
Balance at January 1, 2022	$ 18,654,223
Additional provisions recognized	5,209,904
Usage	(4,306,337)
Unwinding of discounts and effects of changes in the discount rate	15,956
Effect of foreign currency exchange differences	1,389,187
Balance at December 31, 2022	$ 20,962,933
Balance at January 1, 2023	$ 20,962,933
Additional provisions recognized	6,192,669
Usage	(7,429,593)
Unwinding of discounts and effects of changes in the discount rate	13,051
Effect of foreign currency exchange differences	(131,057)
Balance at December 31, 2023	$ 19,608,003

The Group leased flight equipment under operating lease agreements. Under the contracts, when the leases expire and the equipment is returned to the lessor, the flight equipment has to be repaired according to the expected years of use, number of flight hours, flight cycles and the number of engine revolution. The Group had existing obligations to recognize provisions when signing a lease or during the lease term. Tigerair Taiwan Co., Ltd. also leased flight equipment under operating lease agreements. In accordance with the contract, Tigerair had to pay the maintenance reserve monthly accounted for by using the actual number of flight hours.

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Employees of the Group's subsidiaries in the United States and Japan are members of the United States and Japan government retirement benefit plans. Subsidiaries should appropriate a specific amount to retirement benefit plans. The obligation to the government retirement benefit plans of the Group is to appropriate a specific amount.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company and subsidiary contribute amounts equal to 2%-15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 20,606,320	$ 19,794,148
Fair value of plan assets	(10,908,890)	(10,575,834)
Deficit	$ 9,697,430	$ 9,218,314
Net defined benefit liabilities	$ 9,706,647	$ 9,229,640
Net defined benefit assets	$ 9,217	$ 11,326

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2022	$ 19,159,344	$ (9,346,800)	$ 9,812,544
Service cost			
Current service cost	1,203,387	-	1,203,387
Past service cost and loss on settlements	100	-	100
Net interest expense (income)	126,384	(62,469)	63,915
Recognized in profit or loss	1,329,871	(62,469)	1,267,402

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (724,458)	$ (724,458)
Actuarial loss - changes in demographic assumptions	119	-	119
Actuarial gain - changes in financial assumptions	(1,010,815)	-	(1,010,815)
Actuarial loss - experience adjustments	1,380,114	-	1,380,114
Recognized in other comprehensive income	369,418	(724,458)	(355,040)
Contributions from the employer	49	(1,362,892)	(1,362,843)
Benefits paid	(920,785)	920,785	-
Others	(143,749)	-	(143,749)
Balance at December 31, 2022	19,794,148	(10,575,834)	9,218,314
Service cost			
Current service cost	1,121,551	-	1,121,551
Past service cost and loss on settlements	187	-	187
Net interest expense (income)	245,318	(132,177)	113,141
Recognized in profit or loss	1,367,056	(132,177)	1,234,879
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	17,834	(91,546)	(73,712)
Actuarial loss - changes in demographic assumptions	123,589	-	123,589
Actuarial loss - changes in financial assumptions	146,470	-	146,470
Actuarial loss - experience adjustments	452,640	-	452,640
Recognized in other comprehensive income	740,533	(91,546)	648,987
Contributions from the employer	31	(1,238,085)	(1,238,054)
Benefits paid	(1,128,752)	1,128,752	-
Others	(166,696)	-	(166,696)
Balance at December 31, 2023	$ 20,606,320	$ (10,908,890)	$ 9,697,430

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	**2022**
Discount rate	1.13%-1.28%	1.20%-1.50%
Expected rate of salary increase	1.00%-3.00%	1.00%-2.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	**2022**
Discount rate		
0.25% increase	$ (411,212)	$ (394,736)
0.25% decrease	414,349	413,748
Expected rate of salary increase		
0.5% increase	809,727	793,878
0.5% decrease	(768,321)	(754,010)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	**2022**
Expected contributions to the plan for the next year	$ 1,078,204	$ 1,031,457
Average duration of the defined benefit obligation	7-10 years	7-10 years

26. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	**2022**
Numbers of shares authorized (in thousands of shares)	7,000,000	7,000,000
Amount of shares authorized	$ 70,000,000	$ 70,000,000
Amount of shares issued	$ 60,513,407	$ 60,135,374

The Company issued the 6th and the 7th domestic unsecured convertible bonds, and the holders of the convertible bonds applied for conversion in the amount of $683,500 thousand and $1,178,600 thousand, respectively, for the years ended December 31, 2023 and 2022. The number of ordinary shares exchanged was 37,803 thousand and 72,313 thousand, respectively and entitled to registration change after the issuance of new shares.

b. Capital surplus

	December 31	
	2023	**2022**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of convertible bonds in excess of par value and conversion premium	$ 2,382,046	$ 2,092,431
Dividend distributed to subsidiaries	2,680	1,725
Expired equity component of convertible bonds	958,221	929,535
May only be used to offset a deficit (2)		
Long-term investments	476,712	547
May not be used for any purpose		
Equity component of convertible bonds	67,387	96,073
	$ 3,887,046	$ 3,120,311

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in the capital surplus of subsidiaries accounted for using the equity method.

c. Appropriation of earnings and dividend policy

The board of directors of the Company proposed to amend the Company Act on January 10, 2024, and the amendments are subject to the resolution of shareholders' meeting to be held on May 30, 2024. Under the dividend policy as set forth in the amended Company Act, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. The profit can be distributed in the form of new shares or cash, and the cash dividends should be no less than 30% of the total dividends.

Under the Company Act before the amendments, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations. Then, if any remaining profit together with any undistributed retained earnings, it shall be used by the Company's board of directors as the basis for proposing a distribution plan that dividends and bonus shall be no less than 50% of the remaining profit and undistributed retained earnings. The dividends and bonus mentioned above can be distributed in the form of new shares or cash, and the cash dividends should be no less than 30% of the total dividends. If surplus earnings are distributed in the form of new shares, the distribution of shares shall be resolved in the shareholders' meeting; if such earnings are distributed in the form of cash, the cash distribution shall be authorized after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting. If the Company has no loss, according to laws and regulations, the

Company can distribute its capital reserve, in whole or in part, by issuing new shares or cash based on financial, business and management considerations. If such capital reserve is distributed in the form of new shares, it shall be resolved by a meeting of the shareholders; if such capital reserve is distributed in the form of cash, it shall be authorized after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The distribution of dividends should be resolved and recognized in the shareholders' meeting in the current year.

1) Appropriation of earnings in 2021

The appropriation of earnings in 2021 which was resolved and recognized in the shareholders' meeting on May 26, 2022 is as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 925,385	$ -
Cash dividends	5,000,000	0.83145736

2) Appropriation of earnings in 2022

The appropriation of earnings in 2022, which were proposed by the Company's board of directors on May 31, 2023, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 305,592	$ -
Special reserve	534,375	-
Cash dividends	2,772,207	0.4602191

d. Other equity items

The movement of other equity items is as follows:

	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Total
Balance at January 1, 2022	$ (120,079)	$ (5,512)	$ 2,839,419	$ 2,713,828
Exchange differences on translation of the financial statements of foreign operations	144,064	-	-	144,064
Cumulative gain (loss) on changes in fair value of hedging instruments	-	-	(4,066,119)	(4,066,119)
Cumulative gain (loss) on changes in fair value of hedging instruments reclassified to profit or loss	-	-	(219,724)	(219,724)

(Continued)

	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Total
Unrealized gain (loss) on financial assets at FVTOCI	$ -	$ 54,956	$ -	$ 54,956
Effects of income tax	(28,283)	(8,526)	774,742	737,933
Other comprehensive income (loss) recognized in the period	115,781	46,430	(3,511,101)	(3,348,890)
Transferred to initial carrying amount of hedged items	-	-	100,687	100,687
Balance at December 31, 2022	$ (4,298)	$ 40,918	$ (570,995)	$ (534,375)
Balance at January 1, 2023	$ (4,298)	$ 40,918	$ (570,995)	$ (534,375)
Exchange differences on translation of the financial statements of foreign operations	(10,086)	-	-	(10,086)
Cumulative gain (loss) on changes in fair value of hedging instruments	-	-	(628,201)	(628,201)
Cumulative gain (loss) on changes in fair value of hedging instruments reclassified to profit or loss	-	-	344,884	344,884
Unrealized gain (loss) on financial assets at FVTOCI	-	(18,154)	-	(18,154)
Effects of income tax	1,419	(38)	(14,307)	(12,926)
Other comprehensive income (loss) recognized in the period	(8,667)	(18,192)	(297,624)	(324,483)
Transferred to initial carrying amount of hedged items	-	-	168,844	168,844
Balance at December 31, 2023	$ (12,965)	$ 22,726	$ (699,775)	$ (690,014)

(Concluded)

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Beginning balance	$ 2,453,241	$ 3,161,445
Net profit (loss) attributable to non-controlling interests	652,649	(614,102)
Other comprehensive income recognized for the year		
Exchange differences on translation of the financial statements of foreign entities	(2,486)	3,531
Actuarial gains and losses on defined benefit plans	(162,838)	132,110
Cash flow hedge on changes in fair value of hedging instruments	(1,689)	(5,471)
Cumulative gain (loss) arising on changes in fair value of hedging instruments reclassified to profit or loss	1,119	5,511
Effect of income tax	31,977	(27,135)
	(133,917)	108,546

(Continued)

	For the Year Ended December 31	
	2023	2022
Outstanding share options held by employees of subsidiaries	$ 5,227	$ -
Change in equity in subsidiaries	369,355	-
Proceeds from refund of the capital reduction of subsidiaries	(205,000)	-
Dividends paid by subsidiaries	(253,800)	(202,650)
Others	-	2
Ending balance	$ 2,887,755	$ 2,453,241

(Concluded)

f. Treasury shares

Treasury shares are the Company's shares held by its subsidiaries as of December 31, 2023 and 2022 were as follows:

(In Thousands of Shares)

Period of Treasury Shares	Number of Shares, Beginning of Year	Reduction During the Year	Number of Shares, End of Year
For the year ended December 31, 2023	2,075	-	2,075
For the year ended December 31, 2022	2,075	-	2,075

Name of Subsidiary	Number of Shares (In Thousands)	Carrying Amount	Market Value
December 31, 2023			
Mandarin Airlines	2,075	$ 44,916	$ 44,916
December 31, 2022			
Mandarin Airlines	2,075	$ 39,418	$ 39,418

The above acquisitions by subsidiaries of the Company's shares in previous years was due to investment planning. The shares of the Company held by its subsidiaries were treated as treasury shares. The subsidiaries can exercise shareholders' right on these treasury shares, except for the right to subscribe for the Company's new shares and voting rights.

27. NET INCOME

a. Revenue

	For the Year Ended December 31	
	2023	2022
Passenger	$ 115,722,524	$ 25,481,670
Cargo	57,146,060	116,249,972
Others	11,948,206	8,990,829
	$ 184,816,790	$ 150,722,471

b. Other income

	For the Year Ended December 31	
	2023	2022
Interest income	$ 1,802,654	$ 639,845
Dividend income	21,662	12,666
Others	381,484	936,075
	$ 2,205,800	$ 1,588,586

In 2002, CAA terminated the lease of six aircraft with the Company on a unilateral basis, which arose a number of litigations between the Company and CAA. Because the aircraft leases were terminated in advance, the agreement had turned from financial lease to operating lease, which caused the situation of overpaid rental owing from the differential of the calculation basis. Therefore, in 2016, the Company sued CAA for an approximate amount of $1,200 million. The Company lost the case in the first and second instances and won the part of the case after remanding in the third instance.

The Supreme Court dismissed the appeal and affirmed the conviction that CAA should pay back the principal amount with interest.

CAA has paid the abovementioned amount in October 2022. The Company recognized the amount of $288 million as other income - others in 2022.

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Gain on disposal of property, plant and equipment	$ 555,914	$ 30,006
Gain (loss) on disposal of non-current assets held for sale	(2,364)	558,477
Gain on financial assets mandatorily classified as at FVTPL	1,758	365
Net foreign exchange gain	808,734	797,017
Impairment loss recognized on flight equipment	(1,901,450)	(1,641)
Gain on disposal of investments	2,523	-
Others	(332,051)	(281,153)
	$ (866,936)	$ 1,103,071

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest expense		
Bonds payable	$ 144,279	$ 156,189
Bank loans	976,139	892,967
Interest on lease liabilities	1,487,364	1,487,826
Loss arising from derivatives designated as hedging instruments in cash flow hedge accounting relationships reclassified from equity to profit or loss	516	3,810
	$ 2,608,298	$ 2,540,792
Capitalization interest	$ 392,969	$ 176,264
Capitalization rate	1.64%-2.06%	0.81%-1.58%

e. Depreciation and amortization expense

	For the Year Ended December 31	
	2023	2022
Property, plant, equipment	$ 16,847,069	$ 16,983,496
Right-of-use assets	13,586,054	13,120,181
Investment properties	227	265
Intangible assets	223,600	223,096
Depreciation and amortization expense	$ 30,656,950	$ 30,327,038
An analysis of depreciation by function		
Operating costs	$ 28,813,405	$ 28,939,068
Operating expenses	1,619,945	1,164,874
	$ 30,433,350	$ 30,103,942
An analysis of amortization by function		
Operating costs	$ 6,725	$ 5,110
Operating expenses	216,875	217,986
	$ 223,600	$ 223,096

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plan	$ 565,088	$ 521,027
Defined benefit plan	1,234,879	1,267,402
	$ 1,799,967	$ 1,788,429

(Continued)

	For the Year Ended December 31	
	2023	2022
Other employee benefits		
Salary expenses	$ 22,302,781	$ 18,670,644
Personnel service expenses	7,337,182	5,446,734
	$ 29,639,963	$ 24,117,378
An analysis of employee benefits expense by function		
Operating costs	$ 25,591,048	$ 21,136,884
Operating expenses	5,848,882	4,768,923
	$ 31,439,930	$ 25,905,807

(Concluded)

According to the Company's articles, the Company accrues compensation of employees at rates of no less than 3% of the net profit before income tax and compensation of employees. When the Company has an accumulated deficit, the Company shall set aside some amounts to offset the deficit in advance. For the years ended December 31, 2023 and 2022, the estimated amount of compensation of employees were $249,138 thousand and $120,275 thousand, respectively.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date that the annual consolidated financial statements are authorized for issue are adjusted in the year that the compensation and remuneration are recognized. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual appropriated amounts of compensation of employees and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

28. INCOME TAX

a. Income tax expense recognized in profit or loss

The major components of tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
Current year	$ 1,473,177	$ 2,082,931
Adjustments for prior year	(44,432)	23,594
Deferred tax		
Current year	199,319	(1,677,289)
Adjustments for prior year	206,207	(13,874)
Income tax expense recognized in profit or loss	$ 1,834,271	$ 415,362

A reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 9,305,472	$ 2,660,760
Income tax expense calculated at the statutory rate (20%)	$ 1,861,094	$ 532,152
Effect of different tax of subsidiaries	1,698	(1,923)
Effect of adjustments to income tax:		
Non-deductible expenses in determining taxable income	13,747	645,034
Temporary differences	(233)	-
Tax-exempt income	(70,179)	(1,022,734)
Overseas income tax expense	16,883	48,129
Unrecognized loss carryforwards, investment tax credits and temporary difference	(152,086)	198,694
Adjustments for prior years' tax	(44,432)	23,594
Adjustments prior years' deferred tax	206,207	(13,874)
Others	1,572	6,287
Income tax expense recognized in profit or loss	$ 1,834,271	$ 415,359

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
Recognized in other comprehensive income		
Translation of foreign operations	$ 712	$ (28,989)
Fair value changes of financial assets at FVTOCI	(38)	(8,526)
Fair value changes of hedging instruments for cash flow hedging	(14,192)	774,736
Remeasurement of defined benefit plans	129,797	(71,008)
Total income tax recognized in other comprehensive income	$ 116,279	$ 666,213

c. Deferred tax assets and liabilities

For the year ended December 31, 2023

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Ending Balance
Deferred tax assets					
Temporary differences					
Defined benefit plans	$ 1,854,113	$ (30,454)	$ 127,315	$ -	$ 1,950,974
Frequent flyer programs	651,447	145,309	-	-	796,756
Maintenance reserves	2,504,776	276,383	-	-	2,781,159
Allowance for reduction of inventories	296,915	197,653	-	-	494,568
Tax losses	1,706,530	(483,040)	-	-	1,223,490
Others	1,432,566	(475,987)	(10,142)	(1,114)	945,323
	$ 8,446,347	$ (370,136)	$ 117,173	$ (1,114)	$ 8,192,270

(Continued)

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Ending Balance
Deferred tax liabilities					
Temporary differences					
Unrealized foreign exchange gains	$ 20	$ 27,004	$ -	$ -	$ 27,024
Defined benefit plans	772	-	894	-	1,666
Others	166,072	5,107	-	(2,970)	168,209
	$ 166,864	$ 32,111	$ 894	$ (2,970)	$ 196,899

(Concluded)

For the year ended December 31, 2022

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Ending Balance
Deferred tax assets					
Temporary differences					
Defined benefit plans	$ 1,985,556	$ (62,336)	$ (69,107)	$ -	$ 1,854,113
Frequent flyer programs	585,961	65,486	-	-	651,447
Maintenance reserves	2,468,306	36,470	-	-	2,504,776
Allowance for reduction of inventories	282,189	14,726	-	-	296,915
Tax losses	1,018,633	687,897	-	-	1,706,530
Others	590,333	826,397	(18,930)	34,766	1,432,566
	$ 6,930,978	$ 1,568,640	$ (88,037)	$ 34,766	$ 8,446,347
Deferred tax liabilities					
Temporary differences					
Unrealized foreign exchange gains	$ 133,275	$ (133,255)	$ -	$ -	$ 20
Defined benefit plans	181	-	591	-	772
Others	888,097	24,606	(754,841)	8,210	166,072
	$ 1,021,553	$ (108,649)	$ (754,250)	$ 8,210	$ 166,864

Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets were as follows:

	December 31	
	2023	2022
Loss carryforwards		
Expiry in 2025	$ 18,125	$ 18,124
Expiry in 2026	344,200	344,200
Expiry in 2027	68,415	68,415
Expiry in 2028	175,712	175,712
Expiry in 2029	206,151	206,151
Expiry in 2030	1,299,401	1,282,549
Expiry in 2031	2,452,815	1,596,332
Expiry in 2032	2,220,547	1,740,887
Expiry in 2033	75,326	-
	$ 6,860,692	$ 5,432,370
Others temporary differences	$ 5,861,203	$ 6,529,753

d. Unused tax loss carryforwards as of December 31, 2023 were as follows:

Expiry Year	Unused Amount
Mandarin Airline Co., Ltd.	
2026	$ 312,724
2028	72,551
2030	524,478
2031	1,339,212
2032	999,076
	$ 3,248,041
Tigerair Taiwan Co., Ltd.	
2031	$ 2,350,239
2032	2,816,123
	$ 5,166,362
Taoyuan International Airport Services	
2030	$ 591,291
2031	385,855
2032	887,123
	$ 1,864,269
Taiwan Airport Services	
2030	$ 239,159
2031	276,530
2032	227,896
	$ 743,585
Sabre Travel Network (Taiwan)	
2030	$ 5,460
2031	61,107
2032	14,798
	$ 81,365
Cal Hotel Co., Ltd.	
2030	$ 83,302
2031	101,461
2032	55,616
	$ 240,379

(Continued)

Expiry Year	Unused Amount
Kaohsiung Catering Services, Ltd.	
2031	$ 113,751
2032	132,869
	$ 246,620
Taiwan Aircraft Maintenance And Engineering Co., Ltd.	
2025	$ 18,125
2026	31,476
2027	68,415
2028	103,161
2029	206,151
2030	275,075
2031	149,807
2032	108,597
2033	75,326
	$ 1,036,133

(Concluded)

e. Income tax assessment

The income tax returns of the Company through 2021 have been examined by the tax authorities. Except Taiwan Airport Services, the income tax returns of the Company's subsidiaries through 2021 have been examined by the tax authorities.

29. EARNING PER SHARE

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	$ 1.13	$ 0.48
Diluted earnings per share	$ 1.11	$ 0.47
Earnings used in the computation of basic earnings per share	$ 6,818,552	$ 2,859,503
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	16,466	21,415
Earnings used in the computation of diluted earnings per share	$ 6,835,018	$ 2,880,918

(Continued)

	For the Year Ended December 31	
	2023	2022
In thousands of shares		
Weighted average number of ordinary shares in computation of basic earnings per share	6,029,240	5,996,406
Effect of potentially dilutive ordinary shares:		
Compensation of employees or bonuses issued to employees	12,580	9,155
Convertible bonds	108,167	137,708
Weighted average number of ordinary shares used in the computation of diluted earnings per share	6,149,987	6,143,269

(Concluded)

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes the entire amount of the compensation or bonuses will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group comprising issued capital, reserves, retained earnings, other equity and non-controlling interests.

To support operating activities and purchase of aircraft, the Group needs to maintain sufficient capital. Therefore, the goal of capital management is to ensure that financial resources and operating plan is able to support the future working capital, capital expenditures, debt repayment, dividend payments and other needs in the next 12 months.

31. FINANCIAL INSTRUMENTS

a. Financial instruments not evaluated at fair value

Except as detailed in the following table, the management considers the carrying amounts of financial assets and financial liabilities recognized in the financial statements as approximating their fair values.

	December 31			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Bonds payable	$ 9,648,814	$ 10,076,215	$ 9,999,674	$ 10,313,545

Lease liabilities and long-term borrowings are floating-rate financial liabilities, so their carrying amounts are their fair values. Fair values of bonds payable trading in OTC are based on quoted market prices (Level 1).

b. Fair value of financial instruments measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

1) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic money market funds	$ 186,560	$ -	$ -	$ 186,560
Financial assets at FVTOCI				
Investments in equity instruments				
United shares - domestic	$ -	$ -	$ 22,785	$ 22,785
Unlisted shares - foreign	-	-	81,197	81,197
	$ -	$ -	$ 103,982	$ 103,982
Financial assets for hedging	$ 10,307,692	$ 40,796	$ 5,455	$ 10,353,943
Financial liabilities for hedging	$ 34,860,884	$ 50,598	$ 77,481	$ 34,988,963

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic money market funds	$ 119,462	$ -	$ -	$ 119,462
Financial assets at FVTOCI				
Investments in equity instruments				
United shares - domestic	$ -	$ -	$ 41,128	$ 41,128
Unlisted shares - foreign	-	-	81,905	81,905
	$ -	$ -	$ 123,033	$ 123,033
Financial assets for hedging	$ 3,987,730	$ 4,935	$ 38,997	$ 4,031,662
Financial liabilities for hedging	$ 42,000,610	$ 117,693	$ 55,758	$ 42,174,061

There were no transfers between Levels 1 and 2 in the current period.

4) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Derivatives	The fair values of derivatives (except for options) have been determined based on discounted cash flow analysis using interest yield curves applicable for the duration of the derivatives. The estimates and assumptions that the Group used to determine the fair values are identical to those used in the pricing of financial instruments for market participants.

5) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of currency options and fuel options are determined using option pricing models where the significant unobservable inputs are implied fluctuation. Changes in the implied fluctuations used in isolation would result in an increase or decrease in the fair value of the currency options and fuel options and swap.

The domestic and foreign unlisted equity investment are based on the comparative company valuation to estimate the fair value. The main assumptions are based on the multiplier of the market price of the comparable listed company and the net value per share, which have considered the liquidity discount. The higher the multiplier or the lower the liquidity discount, the higher the fair value of the relevant financial instruments.

The multiplier and liquidity discount of financial instruments based on Level 3 fair value measurement were as follows:

	Multiplicator	Liquidity Discount
December 31, 2023	0.60-12.24	80%
December 31, 2022	0.39-12.39	80%

The movements of financial instruments based on Level 3 fair value measurement were as follows:

	Derivative Instruments	Equity Instruments
Balance at January 1, 2023	$ (16,761)	$ 123,033
Recognized in other comprehensive income	(55,265)	(19,051)
Balance at December 31, 2023	$ (72,026)	$ 103,982
Balance at January 1, 2022	$ 6,124	$ 67,884
Recognized in other comprehensive income	(22,885)	55,149
Balance at December 31, 2022	$ (16,761)	$ 123,033

Because some financial instruments and nonfinancial instruments may not have their fair values disclosed, the total fair value disclosed herein is not the total value of the Group’s collective instruments.

c. Categories of financial instruments

	December 31			
	2023		2022	
Financial assets				
Financial assets at FVTPL	$	186,560	$	119,462
Financial assets for hedging		10,353,943		4,031,662
Financial assets at amortized cost (Note 1)		47,256,565		55,105,434
Financial assets at FVTOCI - investments in equity instruments		103,982		123,033
Financial liabilities				
Financial liabilities for hedging		34,988,963		42,174,061
Financial liabilities at amortized cost (Note 2)		134,158,636		147,815,221

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities of more than 3 months, notes and accounts receivable, accounts receivable - related parties, finance lease receivable, other receivables, refundable deposits, restricted financial assets and other financial assets.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable, accounts payable - related parties, other payables, bonds payable, long-term borrowings, lease liabilities, provisions, parts of other current liabilities, parts of other non-current liabilities and guarantee deposits.

d. Financial risk management objectives and policies

The Group has risk management and hedging strategies to respond to changes in the economic and financial environment and in the fuel market. To reduce the financial risks from changes in interest, exchange rates and in fuel prices, the Group has its operating costs stay within a specified range by using appropriate financial hedging instruments and hedging percentages in accordance with the "Processing Program of Derivative Financial Instrument Transactions" approved by the Group's shareholders to reduce the impact of market price changes on earnings. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

In addition, the Group has a risk committee, which meets periodically to evaluate the performance of derivative instruments and determine the appropriate hedging percentage. This committee informs the Group of global economic and financial conditions, controls the entire financial risk resulting from changes in the financial environment and fuel prices, and develops the strategy and response to avoid financial risk with the assistance of financial risk experts to effect risk management.

1) Market risk

The Group is primarily exposed to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk. The Group enters into foreign exchange forward contracts, foreign currency option contracts, and interest swap contracts with fair values that are highly negatively correlated to the fair values of hedged items and evaluates the hedging effectiveness of these instruments periodically.

a) Foreign currency risk

The Group enters into foreign currency option contracts to hedge against the risks on change in related exchange rates, enters into forward contracts to hedge against the risks on changes in foreign-currency assets, liabilities and commitments in the related exchange rates.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

An increase/decrease in U.S. dollars one dollar against New Taiwan dollars when reporting foreign currency risk internally to key management personnel represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period for U.S. dollars increase/decrease by one dollar against New Taiwan dollars in foreign currency rates.

When New Taiwan dollars increased by one dollar against U.S. dollars and all other variables were held constant, there would be a decrease in pre-tax profit and an increase in other comprehensive income for the year ended December 31, 2023 of $422,688 thousand and $673,801 thousand, respectively; and a decrease in pre-tax profit and an increase in other comprehensive income for the year ended December 31, 2022 of $113,514 thousand and $1,126,710 thousand, respectively.

The Group's hedging strategy is to enter into foreign exchange forward contracts and foreign currency option contracts to avoid exchange rate exposure of its foreign currency denominated receipts and payments and to manage exchange rate exposure of its aircraft prepayments in the next year. Those transactions are designated as cash flow hedges. When forecasted purchases actually take place, basis adjustments are made to the initial carrying amounts of hedged items.

For the hedges of highly probable aircraft prepayments, as the critical terms (i.e., the notional amount, useful life and underlying asset) of the foreign currency options contracts and foreign exchange forward contracts and their corresponding hedged items are the same. The Group performs a qualitative assessment of the effectiveness. The value of the foreign exchange forward contracts and the value of the corresponding hedged items are expected to change systematically in the opposite direction in response to movements in the underlying exchange rates.

The following table summarizes the information relating to the hedging of foreign currency risk. Refer to Note 21 for rental contract for hedging.

December 31, 2023

Hedging Instruments	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability
Cash flow hedge							
Aircraft rentals - forward exchange contracts	NTD/USD	NTD251,908/ USD8,187	2024.01.26- 2024.11.27	29.919-30.954	Financial assets for hedging - current/liabilities for hedging - current	$ -	$ 2,720
Aircraft prepayments - forward exchange contracts	NTD/USD	NTD3,569,231/ USD116,000	2024.01.31- 2024.10.31	29.37-31.581	Financial assets for hedging - current/liabilities for hedging - current	40,796	42,370

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (aircraft rentals in U.S. dollars) was $(4,294) thousand.

For the year ended December 31, 2023

Comprehensive Income	Hedging Gains (Losses) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedge			
Aircraft rentals	$ (2,522)	$ (5,797)	(Note)
Aircraft prepayments	94,893	-	
	$ 92,371	$ (5,797)	

Note: Increase in operating costs or exchange loss.

For the year ended December 31, 2023, the amount of hedging instrument settlements recognized as an increase of aircraft prepayments were $9,161 thousand.

December 31, 2022

Hedging Instruments	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge							
Aircraft rentals - forward exchange contracts	NTD/USD	NTD138,344/ USD4,510	2023.1.18-2023.8.25	29.979-30.702	Financial assets for hedging - current/liabilities for hedging - current	$ -	$ 198
Aircraft prepayments - forward exchange contracts	NTD/USD	NTD3,312,883/ USD 108,000	2023.1.19-2023.6.30	29.5-31.9	Financial assets for hedging - current/liabilities for hedging - current	4,935	110,563

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (aircraft rentals in U.S. dollars) was $(105,826) thousand.

For the year ended December 31, 2022

Comprehensive Income	Hedging Gains (Losses) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedge			
Aircraft rentals	$ 251	$ (24,701)	(Note)
Aircraft prepayments	(104,689)	-	
	$ (104,438)	$ (24,701)	

Note: Increase in operating costs or exchange loss.

For the year ended December 31, 2022, the amount of hedging instrument settlements recognized as a decrease of aircraft prepayments were $939 thousand.

b) Interest rate risk

The Group enters into interest swap contracts to hedge against the risks on change in interest rates of long-term borrowings. The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates.

The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts.

The carrying amount of the Group’s financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2023	**2022**
Fair value interest rate risk	$ 53,218,978	$ 59,825,679
Cash flow interest rate risk	75,641,256	89,811,596

Sensitivity analysis

The sensitivity analyses below were determined based on the Group’s exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A one yard (25 basis points) increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

Had interest rates increased by one yard (25 basis points) and all other variables been held constant, the Group’s pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased by $189,103 thousand and $224,529 thousand, respectively.

The following tables summarize the information relating to the hedges for interest rate risk.

December 31, 2023

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability
Cash flow hedge							
Interest expense on long-term borrowings - interest rate swaps	NTD	NTD900,000	2027.4.1-2027.5.24	1.39%-1.58%	Financial assets for hedging - current/liabilities for hedging - non-current	$ -	$ 5,508

Note: The Company recognized interest receivable and interest payable for $76 thousand and $(46) thousand, respectively.

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (interest expense on long-term borrowings) was $(5,508) thousand.

For the year ended December 31, 2023

Comprehensive Income	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedge - Interest expense on long-term borrowings	$ 1,424	$ (516)	(Note)

Note: Increase in finance costs or other losses.

December 31, 2022

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge							
Interest expense on long-term borrowings - interest rate swaps	NTD	NTD900,000	2027.4.1-2027.5.24	1.39%-1.58%	Financial assets for hedging - current/liabilities for hedging - non-current	$ -	$ 6,932

Note: The Company recognized interest expense payable for $(637) thousands.

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (interest expense on long-term borrowings) was $(6,932) thousand.

For the year ended December 31, 2022

Comprehensive Income	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedge - Interest expense on long-term borrowings	$ (6,932)	$ (3,810)	(Note)

Note: Increase in finance costs or other losses.

c) Other price risk

The Group was exposed to fuel price risk on its purchase of aviation fuel. The Group enters into fuel options and swap contracts to hedge against adverse risks on fuel price changes.

December 31, 2023

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedges							
Aviation fuel - fuel options	USD	NTD7,533	2024.03.31-2024.9.30	USD60-USD102.5	Financial assets for hedging - current/liabilities for hedging - current	$ 4,036	$ 11,590
Cash flow hedges							
Aviation fuel - swap	USD	NTD64,472	2024.03.31-2024.12.31	USD74.04-USD87.5	Financial assets for hedging - current/liabilities for hedging - current	1,419	65,891

Hedge accounting continues to be applied to the abovementioned hedging instruments. The carrying amount of other equity for each hedging item (fuel payments in U.S. dollars) was $(72,026) thousand.

For the year ended December 31, 2023

Comprehensive Income	**Hedging Gain (Loss) Recognized in Other Comprehensive Income**	**Amount Reclassified to Profit and Loss and the Adjusted Line Item**	
Cash flow hedges - aviation fuel	$ (55,265)	$ (9,806)	(Note)

Note: Increase in operating costs.

December 31, 2022

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability
Cash flow hedges							
Aviation fuel - fuel options	USD	NTD7,094	2023.03.31-2023.12.31	USD60-USD148	Financial assets for hedging - current/liabilities for hedging - current	$ 38,997	$ 46,091
Cash flow hedges							
Aviation fuel - swap	USD	NTD9,667	2023.3.31	USD96	Financial assets for hedging - current/liabilities for hedging - current	-	9,667

Hedge accounting continues to be applied to the abovementioned hedging instruments. The carrying amount of other equity for each hedging item (fuel payments in U.S. dollars) was $(16,761) thousand.

For the year ended December 31, 2022

Comprehensive Income	**Hedging Gain (Loss) Recognized in Other Comprehensive Income**	**Amount Reclassified to Profit and Loss and the Adjusted Line Item**	
Cash flow hedges - aviation fuel	$ (22,885)	$ 88,690	(Note)

Note: Increase in operating costs.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to fuel price risks at the end of the reporting period.

	For the Year Ended December 31			
	2023		2022	
	Pre-tax Profit Increase (Decrease)	Other Compre-hensive Income Increase (Decrease)	Pre-tax Profit Increase (Decrease)	Other Compre-hensive Income Increase (Decrease)
Fuel price increase of 5%	$ 980	$ 3,601	$ 3,624	$ 838
Fuel price decrease of 5%	(1,435)	(3,601)	(7,066)	(838)

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk primarily comes from accounts receivable generated from operating activities and bank deposits generated from investing activities, fixed income investments and other financial instruments, operation related credit risk and financial credit risk are managed separately.

Operation - related credit risk

The Group has established procedures to manage operations related credit risk to maintain the quality of accounts receivable.

To assess the risk of individual customers, the Group consider into the financial condition of the customers, the credit rating agency rating, the Group's internal credit rating, transaction history and current economic conditions and many other factors that may affect the repayment. Sometimes, the Group uses certain credit enhancement tools to reduce the credit risk of specific customers.

Since the customers of the aviation industry are dispersed and non-related, the credit risk concentration is not critical.

Financial credit risk

Credit risk on bank deposits, fixed income investments and other financial instruments are measured and monitor by the Group's finance department. The Group's trading partners and other parties are well-performing banks and financial institutions, corporations, and government agencies, and so the risk of counterparties failing to discharge an obligation is low; therefore, there is no significant credit risk.

3) Liquidity risk

The objective of the Group's management of liquidity is to maintain cash and cash equivalents sufficient for operating purposes, marketable securities with high liquidity and loan commitments that are sufficient to ensure that the Group has adequate financial flexibility.

	Undrawn Bank Loan Commitments (Unsecured)
The Group (China Airlines, Ltd., Mandarin Airlines and Tigerair Taiwan Co., Ltd.)	$ 35,388,894

Liquidity and interest risk rate table

The following table shows the remaining contractual maturity analysis of the Group's financial liabilities with agreed-upon repayment periods, which were based on the date the Group may be required to pay the first repayment and financial liabilities is evaluated based on undiscounted cash flows, including cash flows of interest and principal.

Bank loans with a repayment on demand clause were included in the second column of the table below regardless of whether or not the banks would choose to exercise early their rights to repayment. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates. The Group's liquidity analysis for its derivative financial instruments is also shown in the following table. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross cash inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by yield curves at the end of the reporting period.

December 31, 2023

	The Weighted Average Effective Interest Rate (%)	**Less than 1 Year**	**1 to 5 Years**	**Over 5 Years**
Lease liabilities	2.2381	$ 4,439,050	$ 9,956,071	$ 8,972,175
Floating interest rate liabilities	2.0095	20,034,592	32,043,243	15,677,622
Derivative instruments	3.0686	55,690,097	30,628,483	10,022,879
Bonds payable	1.3105	4,850,264	4,989,543	-
		$ 85,014,003	$ 77,617,340	$ 34,672,676

December 31, 2022

	The Weighted Average Effective Interest Rate (%)	Less than 1 Year	1 to 5 Years	Over 5 Years
Lease liabilities	2.5047	$ 4,001,479	$ 9,815,619	$ 7,695,130
Floating interest rate liabilities	1.5794	15,275,398	53,591,807	12,743,750
Derivative instruments	2.8390	11,026,182	27,455,159	7,480,222
Bonds payable	1.0465	2,454,645	7,729,726	-
		$ 32,757,704	$ 98,592,311	$ 27,919,102

32. RELATED-PARTY TRANSACTIONS

The transactions between subsidiaries (obtain business) relationship with China Airlines, Ltd., remaining account balance, revenue and expense are eliminated when combined, which is not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are as follows:

a. Related party name and relationship

Related Party Name	Relationship with the Company
China Aircraft Service	Associate (became not related party since March 2022)
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Associate
Airport Air Cargo Service (Xiamen) Co., Ltd.	Associate
Eastern United International Logistics (Hong Kong)	Associate
Dynasty Holidays	Associate (completed the dissolution and liquidation procedures in June 2023)
China Pacific Catering Services	Joint venture
China Pacific Laundry Services	Joint venture
NORDAM Asia Ltd.	Joint venture (the provisional shareholders' meeting was held in October 2023, and the shareholders resolved to dissolve. And, the liquidation process is in progress in accordance)
Delica International Co., Ltd.	Joint venture
China Aviation Development Foundation	Director of the Company and major shareholder
Others	Director, key management personnel, chairman, general manager of the Group, spouse and second-degree relative

b. Operating income

Account Items	Related Party Type	For the Year Ended December 31 2023	2022
Other income	Major shareholder of the Company	$ 18,553	$ 9,131
	Joint venture	$ 50,999	$ 46,801

c. Purchases

Related Party Type	For the Year Ended December 31 2023	2022
Major shareholder of the Company	$ 40,705	$ 18,972
Associate	$ 266,826	$ 415,611
Joint venture	$ 2,558,012	$ 665,802

d. Accounts receivable - related parties (generated by operations)

Related Party Type	December 31 2023	2022
Joint venture	$ 13,966	$ 3,804
Major shareholder of the Company	2,210	1,045
	$ 16,176	$ 4,849

The receivables are not guaranteed, and there is no allowance for doubtful accounts related to accounts receivable - related parties. The payment periods of such accounts were within 30 to 90 days, and there are no overdue payments.

e. Accounts payable - related parties (generated by operations)

Related Party Type	December 31 2023	2022
Associate	$ 19,980	$ 39,491
Joint venture	645,734	275,898
Major shareholder of the Company	5,100	2,421
	$ 670,814	$ 317,810

The remaining balance of accounts payable - related parties will be paid in cash if they are not secured.

f. Lease arrangements (operating leases)

Under an operating lease agreement, the Company rented flight training machines and flight simulators from China Aviation Development Foundation to train pilots, the Company paid the rental based on usage hours. For the years ended December 31, 2023 and 2022, the Company had paid rentals of about $40,705 thousand and $18,972 thousand, respectively.

g. Endorsements and guarantees

	December 31			
	2023		2022	
	Authorized Amount	Actual Amount Used	Authorized Amount	Actual Amount Used
The Company				
CAL Park	$ 3,400,000	$ 1,225,080	$ 3,850,000	$ 1,444,200
Tigerair Taiwan	2,877,292	289,059	2,868,466	286,202
Taiwan Air Craft Maintenance	2,000,000	1,675,500	2,000,000	1,517,000

h. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 62,766	$ 59,047
Post-employment benefits	16,982	13,503
	$ 79,748	$ 72,550

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for long-term bank loans and business transactions:

	December 31	
	2023	2022
Property, plant and equipment	$ 47,707,813	$ 36,711,923
Restricted assets	440,564	765,059
	$ 48,148,377	$ 37,476,982

34. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

In addition to those disclosed in the other notes, significant commitments and contingent liabilities of the Group at December 31, 2023 were as follows:

a. Taiwan Air Cargo Terminal Co. (TACT) signed a terminal construction contract with Civil Aeronautics Administrations (CAA) on January 14, 2000. The chartered operation period (COP) is 20 years from the date of transfer of the chartered operation rights from CAA to TACT. TACT filed an application for a 10-year extension of the COP for the cargo terminals in the Taiwan Taoyuan International Airport and Kaohsiung International Airport and received the approval from Taoyuan Airport Corporation and CAA in July 2013 and July 2015, respectively.

   In addition, TACT filed an arbitration in 2012 to revise the total amount of expenditure to $6,840,000 thousand. As of December 31, 2023, TACT had signed the following construction contracts with unrelated parties:

Client Name	Contract Title	Contract Amount (VAT Included)
INBRIDGE CONSTRUCTION CO., LTD	Project A of the renovation and expansion project of Taoyuan Air Cargo Terminal for the plan to continue to operate - steel structure rust removal and painting of three-dimensional parking lot, mechanical and electrical pipeline renewal and exterior wall painting project	$ 77,770

   As of December 31, 2023, TACT had no outstanding payments of construction in process for construction equipment.

   Assets acquired from cargo terminal improvements, equipment acquisition and subsequent equipment acquisition and replacement will be transferred to the government without any compensation when the chartered operating license expires.

   TACT should pay royalties to Taoyuan Airport Corporation and CAA during the chartered operation period. The calculation is based on annual sales (including operating and non-operating revenue but excluding the rental revenue from specific districts), and Taoyuan Airport Corporation and CAA have the option to adjust the royalty rates every 3 years starting from the date of transfer of the chartered operation rights on the basis of actual revenue and expenditures. The current royalty rate is 6% for less than $2 billion and 8% for $2 billion to $4 billion.

b. CAL Park Co., Ltd. ("CAL Park") signed "Taiwan Taoyuan International Airport Aviation Operation Center (including Airport Hotel) Construction Operating Contract" with the CAA on September 20, 2006. However, on November 1, 2010, the Taoyuan Airport Corporation took over the CAA's rights on this contract from the CAA. The contract is effective for 50 years (consisting of the development stage and operating period) from the contract date. Three years before contract expiry date, CAL Park has the first option to renew the contract with a 20-year extension.

   CAL Park's business scope includes providing business and other operating space related to civil air transport, hotels, aviation service and related industries adhered to the base and essential services law and approved by the Taoyuan Airport Corporation.

CAL Park should pay land rentals on the date of the registration of surface rights. The rental rates for the development stage differ from those for the operation period. The rental rates should follow Article No. 2 of the "Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects," which states that rental calculation in the development stage should include the land value added tax plus the necessary maintenance fee; in the operation period, rentals are 60% of the amount based on the National Building Land Rental Standard plus land value tax, value-added tax and the necessary maintenance fees.

During the 50 years beginning from the initial operation date of CAL Park to the end of the construction period, CAL Park should pay royalties based on the operating revenue estimated in the financial plan of its investment execution proposal. If the sales and business tax declared and filed by a business entity for a single year exceeds 10% of the operating revenue as estimated in the financial plan in its investment execution proposal, CAL Park should pay additional royalties at 10% of this excess.

CAL Park should submit the asset transfer plan within five years before the expiry date of the chartered operation period, begin the negotiation of the asset transfer contract, and complete the assignment no later than three years before the expiry date of the chartered period. If CAA decides not to keep the building and equipment on the base area, CAL Park should remove all related building and equipment within three months after the expiry date.

c. In October 2019, the Company signed a contract with Airbus S.A.S. to purchase eleven A321neo aircraft and an option to purchase five A321neo aircraft. The total list price of the eleven aircraft is US$1,672,763 thousand, and the list price of the option to purchase five aircraft is US$769,922 thousand. The expected delivery periods of the eleven aircraft are from 2024 to 2026. As of December 31, 2023, the list price had been paid in the amount of US$84,820 thousand (recognized as prepayments for aircraft). In October 2019, the Company signed a contract with International Aero Engines Company to purchase four backup engines of A321neo. The total list price of the four engines is US$60,289 thousand. As of December 31, 2023, two out of the four backup engines have been delivered. The Group also signed related aircraft lease agreement, please refer to Note 21.

d. In July and August 2019, the Company signed a contract with Boeing Company to purchase three 777F aircraft and exercised the option to purchase three 777F aircraft. In January 2022, the Company signed an additional contract with Boeing Company to purchase another four 777F aircraft. The expected delivery periods are from 2023 to 2024. The total list price of the ten aircraft is US$3,905,142 thousand. As of December 31, 2023, seven out of the ten aircraft have been delivered. The total list price of the remaining three aircraft is US$1,223,689 thousand, and the list price has been paid in the amount of US$244,738 thousand (recognized as prepayments for aircraft).

e. On September 28, 2022, the Company signed a contract with the Boeing Company to purchase sixteen 787-9 aircraft and the option to purchase eight 787-9 aircraft. On May 23 and June 20, 2023, the Company exercised the option to purchase eight aircraft, six 787-9 aircraft transfer to 787-10, twenty-four aircraft (include eighteen 787-9 aircraft and six 787-10 aircraft) of the total list price are approximately US$9,246,181 thousand. The expected delivery periods are from 2025 to 2028. As of December 31, 2023, the list price has been paid in the amount of US$512,698 thousand (recognized as prepayments for aircraft).

f. In October 2019, Tigerair Taiwan Co., Ltd. signed a contract with Airbus S.A.S. to purchase seven A320neo aircraft and an option to purchase two A320neo aircraft. The total list price of the seven aircraft is US$729,746 thousand, and the list price of the option to purchase two aircraft is US$208,499 thousand. The expected delivery period of the seven aircraft ranges from 2025 to 2027. As of December 31, 2023, the list price has been paid in the amount of US$30,202 thousand (recognized as prepayments for aircraft). In addition, in December 2019, Tigerair Taiwan Co., Ltd. signed a contract with International Aero Engines Company to purchase two backup engines of A320neo aircraft. The total list price of the two engines is US$27,345 thousand. As of December 31, 2023, one out of the two backup engines has been delivered, and the other was expected to be delivered in 2024. The Group also signed related aircraft lease agreement, please refer to Note 21.

g. On March 27, 2023, the board of directors of Mandarin Airlines approved to sign a contract with AVIONS DE TRANSPORT REGIONAL G.I.E to purchase three ATR72-600 aircraft. The total list price of the contract is approximately US$69,000 thousand. The expected delivery periods are from 2023 to 2024. On May 30, 2023, the board of directors of Mandarin Airlines approved the activation of the original contract option to AVIONS DE TRANSPORT REGIONAL G.I.E. to order three more ATR72-600 aircraft. The total contract price is approximately US$69,000 thousand. The expected delivery date is 2025. As of December 31, 2023, the list price has been paid in the amount of US$30,311 thousand (recognized as prepayments for aircraft).

35. IMPACT OF COVID-19

For the year ended December 31, 2022, because of the COVID-19 pandemic, the Group received subsidies of $1,135,323 thousand, for airport landing fees and parking fees, etc. The subsidies for housing and land rental, and salary and interest expenses were $829,165 thousand. These subsidies were recognized as other income or deduction from other expenses. The Group has not received such subsidies since 2023.

The Group has obtained a relief loan from the government. Refer to Note 19 for details on the amount of loan and its allocation.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currency of entities in the Group, and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2023

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,119,615	30.7692	$ 34,449,664
EUR	20,145	34.0136	685,220
HKD	303,304	3.9324	1,192,712
JPY	3,162,264	0.2173	687,144
RMB	548,986	4.3290	2,376,559
Financial liabilities			
Monetary items			
USD	1,494,906	30.7692	45,997,053
EUR	9,519	34.0136	323,789
HKD	72,440	3.9324	284,862
JPY	3,303,548	0.2173	717,887
RMB	101,866	4.3290	440,978

December 31, 2022

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,130,182	30.6748	$ 34,668,125
EUR	35,074	32.7869	1,149,979
HKD	310,589	3.9386	1,223,286
JPY	6,179,784	0.2317	1,431,856
RMB	572,690	4.4131	2,527,337
Financial liabilities			
Monetary items			
USD	2,255,888	30.6748	69,198,932
EUR	6,849	32.7869	224,557
HKD	48,341	3.9386	190,397
JPY	3,309,634	0.2317	766,842
RMB	112,939	4.4131	498,411

For the years ended December 31, 2023 and 2022, the Group's net foreign exchange gains were $808,734 thousand and $797,017 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

37. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company and its investees:

1) Financing provided to others: Table 1 (attached)

2) Endorsements/guarantees provided: Table 2 (attached)

3) Marketable securities held: Table 3 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 4 (attached)

5) Acquisitions of individual real estates at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposals of individual real estates at costs of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5 (attached)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 6 (attached)

9) Names, locations, and related information of investees over which the Company exercises significant influence: Table 7 (attached)

10) Trading in derivative instruments (Notes 6 and 31)

b. Information on investments in mainland China: Table 8 (attached)

c. Business relationships and important transactions between China Airlines, Ltd. and its subsidiaries: Table 9 (attached)

d. Information of major shareholders: Table 10 (attached)

38. SEGMENT INFORMATION

a. Segment information

The Group mainly engages in air transportation services for passengers, cargo and others. Its major revenue-generating asset is its aircraft fleet, which is used jointly for passenger and cargo services. Thus, the Group's sole reportable segment is its flight segment. For the disclosure of operating segment in the consolidated financial statements, the reportable segment of the Group comprises flight and non-flight business departments. The accounting policy applied for reportable segments are consistent with the policies aforementioned in Note 4.

	For the Year Ended December 31, 2023			
	Air Transportation	Others	Adjustments and Write-offs	Total
Operating revenue	$ 180,249,150	$ 10,529,766	$ (5,962,126)	$ 184,816,790
Operation profit and loss	$ 9,308,194	$ 910,355	$ (61,128)	$ 10,157,421
Interest income				1,802,654
Investment income accounted for using the equity method				417,485
Revenue				1,769,711
Finance costs				(2,608,298)
Expenses				(2,233,501)
Profit before income tax				$ 9,305,472
Identifiable assets	$ 170,472,334	$ 13,527,117	$ (6,353,852)	$ 177,645,599
Investments accounted for using the equity method				1,737,235
Assets				111,859,597
Total assets				$ 291,242,431

	For the Year Ended December 31, 2022			
	Air Transportation	Others	Adjustments and Write-offs	Total
Operating revenue	$ 146,692,621	$ 8,649,589	$ (4,619,739)	$ 150,722,471
Operation profit and loss	$ 2,754,773	$ (101,135)	$ (68,904)	$ 2,584,734
Interest income				639,845
Investment income accounted for using the equity method				(74,839)
Revenue				2,332,965
Finance costs				(2,540,792)
Expenses				(281,153)
Profit before income tax				$ 2,660,760
Identifiable assets	$ 180,804,314	$ 14,393,849	$ (5,903,340)	$ 189,294,823
Investments accounted for using the equity method				1,453,244
Assets				103,664,126
Total assets				$ 294,412,193

b. Geographical segment

The geographical segment information of the Company and its subsidiaries in 2023 and 2022 is listed below:

	For the Year Ended December 31, 2023								
	America	Northeast Asia	Southeast Asia	Europe	Australia	China	Domestic	Adjustment and Eliminations	Consolidation
Operating revenue	$ 59,382,935	$ 38,465,561	$ 31,422,519	$ 21,214,463	$ 8,694,246	$ 11,122,603	$ 20,476,589	$ (5,962,126)	$ 184,816,790
Operation profit and losses									$ 10,157,421
Interest income									1,802,654
Investments income accounted for using the equity method									417,485
Revenue									1,769,711
Interest expense									(2,608,298)
Expenses									(2,233,501)
Profit before income tax									$ 9,305,472
Identifiable assets	$ 1,654,115	$ 1,524,401	$ 218,237	$ 2,432,464	$ 1,424,118	$ 43,805	$ 176,702,311	$ (6,353,852)	$ 177,645,599
Investments accounted for using the equity method									1,737,235
Assets									111,859,597
Total assets									$ 291,242,431

	For the Year Ended December 31, 2022								
	America	Northeast Asia	Southeast Asia	Europe	Australia	China	Domestic	Adjustment and Eliminations	Consolidation
Operating revenue	$ 73,067,296	$ 9,980,352	$ 25,373,554	$ 16,887,811	$ 6,182,493	$ 9,345,979	$ 14,504,725	$ (4,619,739)	$ 150,722,471
Operation profit and losses									$ 2,584,734
Interest income									639,845
Investments income accounted for using the equity method									(74,839)
Revenue									2,332,965
Interest expense									(2,540,792)
Expenses									(281,153)
Profit before income tax									$ 2,660,760
Identifiable assets	$ 1,461,417	$ 1,698,903	$ 130,978	$ 2,659,121	$ 1,550,607	$ 42,890	$ 187,654,247	$ (5,903,340)	$ 189,294,823
Investments accounted for using the equity method									1,453,244
Assets									103,664,126
Total assets									$ 294,412,193

CHINA AIRLINES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Cal-Dynasty International	Dynasty Hotel of Hawaii, Inc.	Notes receivable	Yes	$ 113,636	$ 107,692	$ 107,692	2.25	Short-term financing facility is necessary	$ -	Operating turnover capital expenditure	$ -	-	$ -	$ 157,511	$ 315,022	

Cal-Dynasty International's operational procedures for financing provided to others or legal requirements:

Note 1: The maximum amount of loans provided to others by the Group is up to 40% of the Group's net worth as stated in its latest financial statements.

Note 2: The maximum amount of loans to an individual counterparty by the Group is up to 20% of the Group's net worth as stated in its latest financial statements.

CHINA AIRLINES, LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	China Airlines (the "Company")	CAL Park	100% owned subsidiary	$ 14,918,223	$ 3,850,000	$ 3,400,000	$ 1,225,080	$ -	4.56	$ 37,295,558	Yes	No	No
		Tigerair Taiwan Co., Ltd.	78.89% owned subsidiary by direct and indirect holdings	14,918,223	3,036,104	2,877,292	289,059	-	3.86	37,295,558	Yes	No	No
		Taiwan Aircraft Maintenance and Engineering Co., Ltd.	100% owned subsidiary	14,918,223	2,000,000	2,000,000	1,675,500	-	2.68	37,295,558	Yes	No	No

Note 1: Based on the Company's operational procedures for endorsements/guarantees, the maximum amount of guarantee to an individual counterparty is up to 20% of the Company's shareholders' equity.

Note 2: Based on the Company's operational procedures for endorsements/guarantees, the maximum amount of collateral guarantee is up to 50% of the Company's shareholders' equity.

TABLE 3

CHINA AIRLINES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
China Airlines ("Parent company")	Shares							
	Everest Investment Holdings Ltd. - ordinary shares	-	Financial assets at FVTOCI - non-current	16,724	$ 34,218	13.59	$ 37,640	Note 1
	Everest Investment Holdings Ltd. - preferred shares	-	Financial assets at FVTOCI - non-current	1,672	3,422	-	-	Note 1
	Chung Hua Express Co.	-	Financial assets at FVTOCI - non-current	1,100,000	22,785	11.00	22,785	-
	China Aircraft Services Limited	-	Financial assets at FVTOCI - non-current	28,400,000	-	4.00	-	-
	The Grand Hi Lai Hotel	-	Financial assets at FVTPL - current	1,072	-	-	-	-
Mandarin Airlines	Shares							
	China Airlines	Parent company	Financial assets at FVTOCI - non-current	2,074,628	44,916	-	44,916	-
Cal-Asia Investment	Shares							
	Taikoo (Xiamen) Landing Gear Services	-	Financial assets at FVTPL - current	-	-	2.59	-	Note 2
	Taikoo Spirit Aerospace Systems (Jinjiang) Composite	-	Financial assets at FVTOCI - non-current	-	43,557	5.45	43,557	Note 2
Sabre Travel Network (Taiwan)	Beneficiary certificates							
	FSITC Money Market Fund	-	Financial assets at FVTPL - current	70,928	12,992	-	12,992	-
	FTSA Money Market Fund	-	Financial assets at FVTPL - current	3,301,613	35,083	-	35,083	-
	CAPITAL Money Market Fund	-	Financial assets at FVTPL - current	2,114,700	35,076	-	35,076	-
Taiwan Airport Services	Shares							
	TransAsia Airways	-	Financial assets at FVTPL - current	2,277,786	-	0.4	-	-
Kaohsiung Catering Services	Beneficiary certificates							
	Prudential Financial Money Market Fund	-	Financial assets at FVTPL - current	3,163,289	51,431	-	51,431	-
	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	3,728,020	51,978	-	51,978	-

Note 1: The subsidiary's net asset value was $37,640 thousand, which included ordinary shares and preference shares as of December 31, 2023.

Note 2: The company does not issue shares because it is a limited company.

Note 3: The table only lists financial assets that are in accordance with IFRS 9.

CHINA AIRLINES, LTD. AND ITS REINVESTMENT COMPANIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain on Disposal	Shares/Units (In Thousands)	Amount
China Airlines (the "Company")	Tigerair Taiwan co., Ltd.	Investments accounted for using the equity method	Tigerair Taiwan co., Ltd.	Subsidiary	-	$ -	-	$ -	-	$ -	$ -	$ -	-	$ -

Note 1: Marketable securities in this table include shares, bonds, beneficiary certificates and securities derived from these items.

Note 2: Fill in the two columns if marketable securities are accounted for using the equity method.

Note 3: The accumulated buying and selling amount should be calculated separately at the market price, whether it reaches $300 million or 20% of the paid-in capital.

Note 4: Paid-in capital is the paid-in capital of the Company shares of issuers without par value, or NT$10 per share, calculated according to 10% of the total equity attributable to the owners of the Company based on the regulation on transaction amounts of 20% of paid-in capital.

Note 5: The Company's subsidiaries issued shares for public offering.

CHINA AIRLINES, LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable or Payable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Airlines, Ltd. (“China Airlines”)	Dynasty Aerotech International Corp.	Subsidiary	Purchase	$ 363,051	0.25	2 months	$ -	-	$ (49,543)	(2.11)	
	CAL Park	Subsidiary	Purchase	231,514	0.16	2 months	-	-	-	-	
	Cal Hotel Co., Ltd.	Subsidiary	Purchase	213,426	0.15	2 months	-	-	(27,609)	(1.18)	
	Mandarin Airlines	Subsidiary	Sale	(1,090,121)	(0.67)	2 months	-	-	111,348	1.14	
	Taiwan Air Cargo Terminal	Subsidiary	Purchase	491,256	0.34	30 days	-	-	(41,804)	(1.78)	
	Taoyuan International Airport Service	Subsidiary	Purchase	1,076,485	0.75	40 days	-	-	(282,203)	(12.02)	
	Taiwan Airport Services	Subsidiary	Purchase	198,371	0.14	40 days	-	-	(40,418)	(1.72)	
	Tigerair Taiwan Co., Ltd.	Subsidiary	Sale	(363,877)	(0.23)	1 month	-	-	32,750	0.34	
	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	Subsidiary	Purchase	342,252	0.24	1 month	-	-	(41,262)	(1.76)	
	Kaohsiung Catering Service, Ltd.	Subsidiary	Purchase	292,742	0.20	90 days	-	-	(58,364)	(2.49)	
	Eastern United International Logistics	Equity-method investee	Purchase	261,972	0.18	2 months	-	-	(19,533)	(0.83)	
	China Pacific Laundry Services	Equity-method investee	Purchase	169,111	0.12	90 days	-	-	(29,472)	(1.26)	
	China Pacific Catering Services	Equity-method investee	Purchase	2,238,889	1.55	90 days	-	-	(616,262)	(26.25)	
	NORDAM Asia Limited	Equity-method investee	Purchase	150,013	0.10	90 days	-	-	-	-	
Mandarin Airlines	Tigerair Taiwan Co., Ltd.	Same parent company	Purchase	211,676	4.13	1 month	-	-	-	-	
	Taiwan Airport Services	Same parent company	Purchase	275,018	5.37	1 month	-	-	(3,534)	(0.47)	
Tigerair Taiwan Co., Ltd.	Taoyuan International Airport Service	Same parent company	Purchase	225,883	2.50	40 days	-	-	(78,904)	(7.24)	
	Taiwan Airport Services	Same parent company	Purchase	101,527	1.12	40 days	-	-	(11,632)	(1.07)	
Cal Hotel	CAL Park	Same parent company	Purchase	114,392	30.13	1 month	-	-	-	-	

CHINA AIRLINES, LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
China Pacific Catering Services	China Airlines	Parent company	$ 616,262	5.14	$ -	-	$ 416,987	$ -
Taoyuan International Airport Service	China Airlines	Parent company	282,203	4.39	-	-	281,896	-
China Airlines	Mandarin Airlines	Subsidiary	111,348	11.42	-	-	111,289	-

CHINA AIRLINES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
China Airlines, Ltd.	CAL Park	Taoyuan, Taiwan	Real estate lease and international trade	$ 1,500,000	$ 1,500,000	154,435,974	100.00	$ 1,786,823	$ 20,412	$ 58,369	Note 4
	Mandarin Airlines	Taipei, Taiwan	Air transportation and maintenance of aircraft	4,039,140	4,039,140	387,831,234	96.96	1,664,600	462,190	447,118	Notes 1 and 4
	Taiwan Air Cargo Terminal	Taoyuan, Taiwan	Air cargo and storage	1,080,000	1,350,000	108,000,000	54.00	1,376,778	340,655	183,833	Note 4
	Cal-Dynasty International	Los Angeles, USA	A holding company, real estate and hotel services	US$ 26,145	US$ 26,145	2,614,500	100.00	1,418,175	55,608	54,900	Notes 2 and 4
	China Pacific Catering Services	Taoyuan, Taiwan	In-flight catering	439,110	439,110	43,911,000	51.00	767,615	728,508	371,539	-
	Taoyuan International Airport Services	Taoyuan, Taiwan	Airport services	147,000	147,000	34,300,000	49.00	414,674	111,655	54,711	-
	CAL-Asia Investment	Territory of the British Virgin Islands	General investment	US$ 7,172	US$ 7,172	7,172,346	100.00	622,487	30,576	30,576	-
	Sabre Travel Network (Taiwan)	Taipei, Taiwan	Sale and maintenance of hardware and software	52,200	52,200	13,021,042	93.93	237,347	57,046	53,583	-
	Taiwan Airport Services	Taipei, Taiwan	Airport services	12,289	12,289	20,626,644	47.35	65,256	38,965	18,450	-
	Kaohsiung Catering Services	Kaohsiung, Taiwan	In-flight catering	383,846	383,846	21,494,637	53.67	417,978	137,136	70,524	Note 5
	Cal Hotel Co., Ltd.	Taoyuan, Taiwan	Hotel business	334,800	334,800	33,480,000	100.00	340,162	18,955	35,214	Note 4
	China Pacific Laundry Services	Taoyuan, Taiwan	Cleaning and leasing of the towel of airlines, hotels, restaurants and health clubs	137,500	137,500	13,750,000	55.00	101,705	22,753	12,514	-
	Dynasty Aerotech International Corp.	Taoyuan, Taiwan	Cleaning of aircraft and maintenance of machine and equipment	77,270	77,270	77,270	100.00	124,583	19,060	19,041	Notes 4
	Global Sky Express	Taipei, Taiwan	Forwarding and storage of air cargo	2,500	2,500	250,000	25.00	6,421	3,058	765	-
	Tigerair Taiwan Co., Ltd.	Taipei, Taiwan	Air transportation and maintenance of aircraft	6,240,018	5,640,197	337,624,477	75.19	3,179,817	1,826,847	1,402,543	Note 4
	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	Taoyuan, Taiwan	Aircraft maintenance	1,350,000	1,350,000	56,000,000	100.00	377,137	(74,185)	(74,185)	-
	NORDAM Asia Ltd.	Taoyuan, Taiwan	Composite repair and manufacturing business	37,975	37,975	3,797,500	49.00	-	(26,080)	(19,196)	-
Mandarin Airlines	Tigerair Taiwan Co., Ltd.	Taipei, Taiwan	Air transportation and maintenance of aircraft	183,846	154,330	16,613,624	3.70	156,471	1,826,847	69,017	-
	Taiwan Airport Services	Taipei, Taiwan	Airport services	11,658	11,658	469,755	1.08	1,484	38,965	420	-
CAL-Asia Investment	Eastern United International Logistics	Hong Kong	Forwarding and storage of air cargo	HK$ 3,329	HK$ 3,329	1,050,000	35.00	49,030	11,055	4,390	-
Taiwan Airport Services	Taiwan Airport Service (Samoa)	Samoa	Airport services and investment	US$ 5,877	US$ 5,877	-	100.00	406,021	23,082	22,691	Note 3
Kaohsiung Catering Services	Delica International Co., Ltd.	Kaohsiung, Taiwan	Catering business	10,200	10,200	1,020,000	51.00	7,630	188	96	-

Note 1: The treasury shares method is adopted in recognizing investment income or loss.

Note 2: It represents the consolidated financial information of the foreign holding company disclosed in accordance with local regulations.

Note 3: The company does not issue shares because it is a limited company.

Note 4: The difference is due to lease arrangement between consolidated entities.

Note 5: The difference is due to acquisition.

CHINA AIRLINES, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars/Renminbi/U.S. Dollars, Unless Stated Otherwise)

China Airlines

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	$ 1,101,644 (RMB 254,480)	Indirect (Note 1)	$ 128,799 (US$ 4,186)	$ -	$ -	$ 128,799 (US$ 4,186)	$ 103,389 (RMB 23,508)	14.00	$ 14,063 (RMB 3,291)	$ 256,248 (RMB 59,193)	$ 130,806 (US$ 4,251) (Note 2)
Airport Air Cargo Service (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	60,606 (RMB 14,000)	Indirect (Note 1)	59,921 (US$ 1,947)	-	-	59,921 (US$ 1,947)	75,925 (RMB 17,264)	14.00	10,009 (RMB 2,417)	149,882 (RMB 34,623)	68,563 (US$ 2,228) (Note 2)
Taikoo (Xiamen) Landing Gear Services	Landing gear maintenance services	2,556,613 (US$ 83,090)	Indirect (Note 1)	66,191 (US$ 2,151)	-	-	66,191 (US$ 2,151)	-	2.59	-	-	-
Taikoo Spirit Aerospace Systems (Jinjiang)	Composite material	358,864 (US$ 11,663)	Indirect (Note 1)	19,569 (US$ 636)	-	-	19,569 (US$ 636)	-	5.45	-	43,557 (RMB 10,062)	21,998 (US$ 715)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$274,481 (US$8,920)	$664,951 (Note 3)	$46,487,322 (Note 4)

(Continued)

Taiwan Airport Services

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	$ 1,101,644 (RMB 254,480)	Indirect (Note 5)	$ 123,642 (US$ 4,018)	$ -	$ -	$ 123,642 (US$ 4,018)	$ 103,389 (RMB 23,508)	14.00	$ 14,062 (RMB 3,291)	$ 255,035 (RMB 58,913)	$ 161,716 (US$ 5,256)
Airport Air Cargo Service (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	60,606 (RMB 14,000)	Indirect (Note 5)	59,285 (US$ 1,927)	-	-	59,285 (US$ 1,927)	75,925 (RMB 17,264)	14.00	10,008 (RMB 2,417)	150,090 (RMB 34,671)	84,910 (US$ 2,760)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$182,926 (US$5,945)	$182,926 (US$5,945)	$82,690 (Note 4)

Note 1: The Company invested in CAL-Asia Investment, which invested in a company located in mainland China.

Note 2: As of December 31, 2023, the inward remittance of earnings amounted to US$4,251,192 and US$2,228,304.

Note 3: The amount comprised US$19,828,324, RMB4,200,000 and NT$36,666,667.

Note 4: The limit stated in the Investment Commission's regulation "The Review Principle of Investment or Technical Cooperation in Mainland China" is the larger of the Company's net asset value or 60% of the consolidated net asset value.

Note 5: Taiwan Airport Services invested in Taiwan Airport Services (Samoa), which invested in a company located in mainland China.

Note 6: The RMB and U.S. dollar amounts of assets are converted at period-end rates and the gains (losses) are converted at the average of the period-end rates for the reporting period.

(Concluded)

TABLE 9

CHINA AIRLINES, LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND IMPORTANT TRANSACTIONS BETWEEN CHINA AIRLINES, LTD. AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Natural of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount	Transaction Criteria	% of Total Consolidated Total Revenue or Assets
0	China Airlines, Ltd.	Mandarin Airlines	a	Air transport service revenue	$ 1,022,662	The same as ordinary transactions	0.55
		Tigerair Taiwan Co., Ltd.	a	Other operating revenue	363,877	The same as ordinary transactions	0.20
		Taoyuan International Airport Services	a	Airport service costs	1,076,485	The same as ordinary transactions	0.58
		Taiwan Airport Services	a	Airport service costs	198,371	The same as ordinary transactions	0.11
		Dynasty Aerotech International Corp.	a	Airport service costs	363,051	The same as ordinary transactions	0.20
		Taiwan Air Cargo Terminal	a	Other operating costs	491,256	The same as ordinary transactions	0.27
		Cal Park	a	Other operating costs	231,514	The same as ordinary transactions	0.13
		Cal Hotel Co., Ltd.	a	Other operating costs	213,426	The same as ordinary transactions	0.12
		Kaohsiung Catering Services	a	Other operating costs	292,742	The same as ordinary transactions	0.16
		Mandarin Airlines	a	Accounts receivable - related parties	111,348	The same as ordinary transactions	0.04
		Taiwan Airport Services	a	Accounts receivable - related parties	282,203	The same as ordinary transactions	0.10
		Taiwan Aircraft Maintenance and Engineering Co., Ltd.	a	Operating costs	342,252	The same as ordinary transactions	0.19
1	Taiwan Air Cargo Terminal	China Airlines, Ltd.	b	Sales revenue	491,256	The same as ordinary transactions	0.27
2	Mandarin Airlines	China Airlines, Ltd.	b	Air transport service costs	1,022,662	The same as ordinary transactions	0.55
		Taiwan Airport Service	c	Airport service costs	275,018	The same as ordinary transactions	0.15
		China Airlines, Ltd.	b	Accounts payable and note payable - related parties	111,348	The same as ordinary transactions	0.04
		Tigerair Taiwan Co., Ltd.	c	Operating expenses	211,529	The same as ordinary transactions	0.11
3	Taoyuan International Airport Services	China Airlines, Ltd.	b	Airport service revenue	1,076,485	The same as ordinary transactions	0.58
		China Airlines, Ltd.	b	Accounts receivable - related parties	282,203	The same as ordinary transactions	0.10
		Tigerair Taiwan Co., Ltd.	c	Airport service revenue	225,883	The same as ordinary transactions	0.12
4	Taiwan Airport Services	China Airlines, Ltd.	b	Operating revenue	198,371	The same as ordinary transactions	0.11
		Tigerair Taiwan Co., Ltd.	c	Operating revenue	101,527	The same as ordinary transactions	0.05
		Mandarin Airlines	c	Operating revenue	275,018	The same as ordinary transactions	0.15
5	Dynasty Aerotech International Corp.	China Airlines, Ltd.	b	Operating revenue	363,051	The same as ordinary transactions	0.20
6	CAL Park	China Airlines, Ltd.	b	Operating revenue	231,514	The same as ordinary transactions	0.13
		Cal Hotel Co., Ltd.	c	Operating revenue	114,392	The same as ordinary transactions	0.06
7	Cal Hotel Co., Ltd.	China Airlines, Ltd.	b	Operating revenue	213,426	The same as ordinary transactions	0.12
		CAL Park	c	Operating costs	114,392	The same as ordinary transactions	0.06

(Continued)

No.	Company Name	Related Party	Natural of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount	Transaction Criteria	% of Total Consolidated Total Revenue or Assets
8	Tigerair Taiwan Co., Ltd.	China Airlines, Ltd.	b	Operating expenses	$ 363,877	The same as ordinary transactions	0.20
		Mandarin Airlines	c	Operating revenue	211,529	The same as ordinary transactions	0.11
		Taoyuan International Airport Services	c	Airport service costs	225,883	The same as ordinary transactions	0.12
		Taiwan Airport Services	c	Operating costs	101,527	The same as ordinary transactions	0.05
9	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	China Airlines, Ltd.	b	Operating revenue	342,252	The same as ordinary transactions	0.19
10	Kaohsiung Catering Services	China Airlines, Ltd.	b	Operating revenue	292,742	The same as ordinary transactions	0.16

Note 1: The three directional types for transactions by business relationship between China Airlines, Ltd. and its subsidiaries are as follows:

a. Parent to subsidiaries.
b. Subsidiaries to parent.
c. Subsidiaries to subsidiaries.

Note 2: Intercompany transactions were eliminated in the consolidated financial statements.

Note 3: The Company only discloses transaction amounts or balances of more than $100,000 thousand.

(Concluded)

TABLE 10

CHINA AIRLINES, LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
China Aviation Development Foundation (CADF)	1,867,341,935	30.85
National Development Fund (NDF)	519,750,519	8.58

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.