

# 2021 China Airlines General Shareholders Meeting Minutes

**Meeting Time:** 9 a.m. on August 12 (Tuesday), 2021

**Meeting Location:** Taipei Innovation City Convention Center (2F, No. 223,  
Section 3, Beixin Road, Xindian District, New Taipei City)

**Shareholders Present:** The Company has issued a total of 5,420,992,586 shares. After deducting 2,074,628 of the Company's shares held by subordinate companies, a total of 5,418,917,958 shares can be represented by shareholders attending the General Shareholders Meeting. A total of 3,197,025,909 shares are represented by shareholders present in person or by proxy (including the 1,167,815,388 shares represented by shareholders exercising voting rights via electronic methods), accounting for 58.99% of the total shares that can be represented by attending shareholders.

**Directors Present:** Hsieh, Su-Chien; Kao, Shing-Hwang; Chen, Han-Ming; Chen, Charles C.Y.; Wei, Yung-Yeh

**Independent Directors Present:** Chang, Hsieh Gen-Sen

**Chairman:** Hsieh, Su-Chien, Chairman of the Board of Directors

**Minutes Taker:** Lee, Chia-Ying

**I. Meeting Called to Order:** The number and percentage of the shares represented by the attending shareholders at this Shareholders Meeting meet the legal requirements for meetings. The Chairman called the meeting to order.

**II. Chairman's Address:** Omitted.

### **III. Report Items:**

Item 1: Business Report for the year 2020 - please see pages 3-6 in the Meeting Agenda.

Item 2: Audit Committee's review report for the year 2020 - please see page 8 of the Meeting Agenda.

### **IV. Ratification Items:**

Item 1: Acknowledgement of Business Report and Financial Statements for the year 2020. (Proposed by the Board of Directors)

- Explanatory Notes:
1. The Company's 2020 Financial Statements (including the Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, and Cash Flow Statement) have been verified by accountants Huang, Jui-Chan and Cheng, Shih-Ran of Deloitte & Touche. This proposal was approved in the 15th meeting of the 21st Board of Directors.
  2. Please see pages 3-6 in the Meeting Agenda for the 2020 Business Report. Please see Appendix 1 for the accountants' audit report and the above-mentioned financial statements.

Resolution: The voting result of this proposal is as follows:

There were 3,197,020,909 votes represented by attending shareholders at the time of voting.

<b>Voting Result (Including Electronic Votes)</b>	<b>% of Attending Shareholders' Votes</b>
Approval Votes: 3,091,998,292	96.71%
Disapproval Votes: 1,998,331	0.06%
Invalid Votes: 0	0.00%
Abstention Votes/No Votes: 103,024,286	3.22%

Through voting, the proposal was approved as proposed.

Item 2: Acknowledgement of the Proposal for 2020 Deficit Compensation.

(Proposed by the Board of Directors)

- Explanatory Notes:
1. Handled in accordance with Article 228 of the Company Act.
  2. The undistributed earnings at the beginning of 2020 amounted to \$0 NT (amounts mentioned hereinafter are in NTD). The re-measurements of defined benefit plans were deducted from this amount and retained earnings were adjusted to \$395,374,159. Changes in retained earnings due to not recognizing affiliated enterprises based on shareholding ratio constituted \$169,271,736. Changes in retained earnings due to affiliated enterprises selling treasury stocks constituted \$1,734,294. In addition, the changes in affiliated enterprises recognized by the equity method constituted \$75,798,224. As a result, the accumulated loss at the beginning of the period was \$490,581,965 after the adjustment. The 2020 net profit after tax was \$140,000,469 and the deficit to be made up for was

\$350,581,496.

3. In accordance with Article 239 of the Company Act, the loss was made up for \$350,581,496 in capital reserve. After this, the accumulated loss at the end of the year was \$0.
4. Please see Appendix 2 for the Appropriation of 2020 Deficit table.
5. The proposal was approved in the 15th meeting of the 21st Board of Directors.

Resolution: The voting result of this proposal is as follows:

There were 3,197,020,909 votes represented by attending shareholders at the time of voting.

<b>Voting Result (Including Electronic Votes)</b>	<b>% of Attending Shareholders' Votes</b>
Approval Votes: 3,093,840,249	96.77%
Disapproval Votes: 3,248,731	0.10%
Invalid Votes: 0	0.00%
Abstention Votes/No Votes: 99,931,929	3.12%

Through voting, the proposal was approved as proposed.

## V. Election Items

Item 1: Proposal to elect the 22nd Directors (Proposed by the Board of Directors)

Explanatory Notes :

1. The term of office of the 21st Board of Directors is about to expire. During the 14th session of the 21st Board of Directors, it was resolved that 13 directors (including three independent directors, of whom one is an Independent Director for public welfare) would be elected during the General Shareholders Meeting. The term of office of the directors is three years, from 25 May 2021 to 24 May 2024.
2. China Airlines has adopted the nomination system stipulated under Article 192-1 of the Company Law in electing its directors. Shareholders are to elect directors from the Board of Directors Candidate List. The qualifications, i.e., work and study experience and other important information of the 13 candidates of the Board of Directors (including three independent directors, of whom one is an Independent Director for public welfare) were reviewed and approved during the 9th

extraordinary session of the 21st Board of Directors.  
Please refer to pages 35-38 of this handbook.

3. The Company originally planned to hold the Shareholders' Meeting on May 25, 2021. But the meeting was postponed to August 12, 2021 due to the pandemic. The term of office of the directors was changed from August 12, 2021 to August 11, 2024.

Resolution: The 22nd Directors and the votes received were listed as below:

<b>Type</b>	<b>Name</b>	<b>Number of Votes</b>
Director	China Aviation Development Foundation Representative : Hsieh, Su-Chien	4,316,704,822
Director	China Aviation Development Foundation Representative : Kao, Shing-Hwang	4,155,108,405
Director	China Aviation Development Foundation Representative : Chen, Han-Ming	3,440,924,794
Director	China Aviation Development Foundation Representative : Ting, Kwang-Hung	3,415,183,349
Director	China Aviation Development Foundation Representative : Chen, Charles C.Y.	3,369,626,042
Director	China Aviation Development Foundation Representative : Chen, Maun-Jen	3,353,602,481
Director	China Aviation Development Foundation Representative : Wei, Yung-Yeh	3,335,524,053
Director	China Aviation Development Foundation Representative : Chao, Kang	3,326,934,134
Director	National Development Fund, Executive Yuan Representative : Huang, Chung-Che	3,624,222,518

Director	National Development Fund, Executive Yuan Representative : Wang, Shih-Szu	3,623,144,650
Independent Director	Hwang, Chin-Yeong	816,403,789
Independent Director	Huang, Hsieh-Hsing	818,766,698
Independent Director	Chang, Hsieh Gen-Sen (Independent Director for public welfare)	824,816,125

Summary of Remark:

Shareholder No. 307893 raised questions regarding the ratio of independent directors and employee health plans.

The above-mentioned inquiries made by shareholders have been explained and responded to by the Chairman himself or designated personnel.

## VI. Other Items

Description: Proposal to release non-compete restrictions on 22nd Board of Directors to be determined by all shareholders. (Proposed by the Board of Directors)

Explanatory Notes: 1. According to Article 209 of the Company Act, a board director acting on behalf of him/herself or another in matters within the business scope of the Company shall explain the importance of its actions and obtain approval at the General Shareholders Meeting.

2. Due to the operational requirements of the directors (including juristic persons and designated representatives) of the 22nd Board of Directors or as they have invested in or operate other companies with the business scope that is in the same area as or similar to that of China Airlines, but which does not adversely affect the interests of China Airlines, a proposal was made at the General Shareholders Meeting to remove non-compete restrictions on the 22nd Directors. To enable shareholders to exercise their voting rights by means of electronic transmission, details of the relevant interests of nominees for directorship are available on page 40 of this handbook and the non-compete

restrictions can be lifted on those elected after the directors' elections are over during the General Shareholders Meeting.

3. The proposal was approved in the 9th extraordinary meeting of the 21st Board of Directors.

Resolution: The voting result of this proposal is as follows:

There were 3,197,020,909 votes represented by attending shareholders at the time of voting.

<b>Voting Result (Including Electronic Votes)</b>	<b>% of Attending Shareholders' Votes</b>
Approval Votes: 2,992,220,831	93.59%
Disapproval Votes: 21,385,600	0.66%
Invalid Votes: 0	0.00%
Abstention Votes/No Votes: 183,414,478	5.73%

Through voting, the proposal was approved as proposed.

#### **VI. Extempore Motions:**

None.

#### **VII. The Chairman adjourned the meeting** (At 9:43 a.m. on the same day).

(The meeting minutes are recorded in accordance with the provisions of the Company Act. As far as the content and procedures of the meeting are concerned, the video and audio recordings of the meeting shall prevail.)

## **Appendix 1**

### **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Shareholders  
China Airlines, Ltd.

#### **Opinion**

We have audited the accompanying financial statements of China Airlines, Ltd. (the “Company”), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and other regulations.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

##### **Recognition of Cargo Revenue**

In accordance with IFRS 15 “Revenue from Contracts with Customers”, cargo sales are accounted for as cargo revenue after relevant transportation services have been provided. For the year ended December 31, 2020, cargo revenue amounted to NT\$81,692,574 thousand. Refer to Notes 4 and 26 to the accompanying financial statements for detailed

information.

Cargo rates are highly affected by the supply and demand of the market and sales can only be recognized after relevant transportation services are provided, The input, processing and maintenance of freight information on the air waybills involve manual operations. Therefore, we identified the recognition of cargo revenue as a key audit matter.

Our main audit procedures performed included the following:

1. We understood the internal controls related to the recognition of cargo, including manual and automatic control.
2. We understood and tested the effectiveness of the information system related to the recognition of cargo revenue.
3. We sampled the air waybills, confirmed that cargo rates were consistent with those stated in air waybills, and verified the amount of cargo revenue.

#### **Other Matter - Audit by Other Independent Auditors**

The financial statements of some investments accounted for using the equity method in Note 13 were audited by other independent auditors, and our audit opinion is based solely on the reports of other auditors. As of December 31, 2020, the aforementioned investments accounted for using the equity method amounted to NT\$2,304,113 thousand, representing 0.88% of total assets. For the year ended December 31, 2020, comprehensive income (loss) (including share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method) amounted to NT\$(952,289) thousand.

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

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

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

Those charged with governance, including the audit committee and supervisors, are responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 auditing



standards generally accepted in 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 financial statements.

As part of an audit in accordance with the auditing standards generally accepted in 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those

matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jui-Chan Huang and Shiuh-Ran, Cheng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 18, 2021

Notice to Readers

*The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.*

# CHINA AIRLINES, LTD.

## BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 19,959,820	8	\$ 20,626,014	8
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	-	-	434	-
Financial assets at amortized cost - current (Notes 9 and 30)	5,863,137	2	1,460,450	-
Financial assets for hedging - current (Notes 4, 6 and 30)	7,613,636	3	9,588	-
Notes and accounts receivables, net (Notes 4, 10 and 30)	9,198,055	4	7,694,431	3
Accounts receivables - related parties (Note 31)	101,424	-	232,386	-
Other receivables	427,722	-	560,819	-
Current tax assets (Notes 4 and 27)	60,129	-	52,776	-
Inventories, net (Notes 4 and 11)	8,093,152	3	8,246,515	3
Non-current assets held for sale (Notes 4 and 12)	89,296	-	-	-
Other current assets (Note 17)	452,414	-	2,106,199	1
Total current assets	<u>51,858,785</u>	<u>20</u>	<u>40,989,612</u>	<u>15</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 30)	147,161	-	107,856	-
Investments accounted for using the equity method (Notes 4 and 13)	12,321,157	5	13,482,877	5
Property, plant and equipment (Notes 4, 14 and 32)	126,414,462	48	131,029,886	49
Right-of-use assets (Notes 4, 20 and 32)	54,555,761	21	64,262,830	24
Investment properties (Notes 4 and 15)	2,047,448	1	2,047,448	1
Other intangible assets (Notes 4 and 16)	867,453	-	971,298	-
Deferred tax assets (Notes 4 and 27)	4,981,859	2	4,757,142	2
Other non-current assets (Notes 17, 20 and 30)	7,715,679	3	11,227,556	4
Total non-current assets	<u>209,050,980</u>	<u>80</u>	<u>227,886,893</u>	<u>85</u>
<b>TOTAL</b>	<u>\$ 260,909,765</u>	<u>100</u>	<u>\$ 268,876,505</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term bills payable (Notes 18 and 30)	\$ 8,088,882	3	\$ -	-
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 30)	-	-	11,749	-
Financial liabilities for hedging - current (Notes 4, 20 and 30)	8,126,239	3	8,610,015	3
Notes and accounts payable (Note 30)	1,128,517	1	1,222,410	-
Accounts payable - related parties (Note 31)	588,234	-	1,469,434	1
Other payables (Notes 21 and 26)	7,128,080	3	10,892,203	4
Tax liabilities - current	2	-	-	-
Lease liabilities - current (Notes 4 and 20)	842,592	-	695,215	-
Contract liabilities current (Notes 4 and 22)	3,218,846	1	18,584,287	7
Bonds payable and put option of convertible bonds - current portion (Notes 4, 19, 30 and 31)	12,132,859	5	10,000,000	4
Loans and debts - current portion (Notes 18, 30 and 32)	14,798,442	6	13,708,320	5
Other current liabilities	687,317	-	2,806,540	1
Total current liabilities	<u>56,740,010</u>	<u>22</u>	<u>68,000,173</u>	<u>25</u>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities for hedging - non-current (Notes 4, 20 and 30)	32,455,333	13	42,420,205	16
Bonds payable (Notes 4, 19, 30 and 31)	10,300,000	4	22,352,625	8
Loans and debts (Notes 18, 30 and 32)	68,815,395	26	48,618,168	18
Contract liabilities (Notes 4 and 22)	1,761,104	1	2,236,311	1
Provisions (Notes 4 and 23)	13,741,244	5	9,431,736	4
Deferred tax liabilities (Notes 4 and 27)	875,388	-	399,253	-
Lease liabilities - non-current (Notes 4 and 20)	10,055,776	4	10,909,262	4
Accrued pension costs (Notes 5 and 24)	8,217,395	3	7,588,745	3
Other non-current liabilities	388,637	-	366,255	-
Total non-current liabilities	<u>146,610,272</u>	<u>56</u>	<u>144,322,560</u>	<u>54</u>
Total liabilities	<u>203,350,282</u>	<u>78</u>	<u>212,322,733</u>	<u>79</u>
<b>EQUITY (Notes 19 and 25)</b>				
Share capital	54,209,846	21	54,209,846	20
Capital surplus	1,187,327	-	2,488,907	1
Retained earnings (accumulated deficit)	-	-	-	-
Legal reserve	-	-	466,416	-
Special reserve	-	-	12,967	-
Unappropriated retained earnings (accumulated deficit)	(350,581)	-	(1,777,225)	-
Total retained earnings	<u>(350,581)</u>	<u>-</u>	<u>(1,297,842)</u>	<u>-</u>
Other equity	2,543,766	1	1,196,233	-
Treasury shares	(30,875)	-	(43,372)	-
Total equity	<u>57,559,483</u>	<u>22</u>	<u>56,553,772</u>	<u>21</u>
<b>TOTAL</b>	<u>\$ 260,909,765</u>	<u>100</u>	<u>\$ 268,876,505</u>	<u>100</u>

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

## CHINA AIRLINES, LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2020		2019	
	Amount	%	Amount	%
REVENUE (Notes 4, 26 and 31)	\$ 106,327,123	100	\$ 146,372,401	100
COSTS (Notes 4, 11, 26 and 31)	<u>95,190,179</u>	<u>89</u>	<u>135,008,166</u>	<u>92</u>
GROSS PROFIT	11,136,944	11	11,364,235	8
OPERATING EXPENSES (Notes 4, 26 and 31)	<u>6,252,089</u>	<u>6</u>	<u>11,284,000</u>	<u>8</u>
OPERATING PROFIT	<u>4,884,855</u>	<u>5</u>	<u>80,235</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 26)	440,761	-	524,233	-
Other gains and losses (Notes 12, 13, 14 and 26)	(523,827)	-	(569,582)	-
Finance costs (Notes 26 and 31)	(2,780,363)	(3)	(3,034,172)	(2)
Share of the profit of associates and joint ventures (Note 13)	<u>(1,850,331)</u>	<u>(2)</u>	<u>1,811,960</u>	<u>1</u>
Total non-operating income and expenses	<u>(4,713,760)</u>	<u>(5)</u>	<u>(1,267,561)</u>	<u>(1)</u>
PROFIT (LOSS) BEFORE INCOME TAX	171,095	-	(1,187,326)	(1)
INCOME TAX EXPENSE (Notes 4 and 27)	<u>31,095</u>	<u>-</u>	<u>12,472</u>	<u>-</u>
NET INCOME (LOSS)	<u>140,000</u>	<u>-</u>	<u>(1,199,798)</u>	<u>(1)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Loss on hedging instruments subject to basis adjustments (Notes 4, 25 and 30)	(474,202)	-	(17,705)	-
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income (Notes 4 and 25)	39,305	-	24,490	-
Remeasurement of defined benefit plans (Notes 4 and 24)	(494,218)	(1)	(562,259)	-
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method (Notes 4 and 25)	(9,095)	-	(72,718)	-

(Continued)

## CHINA AIRLINES, LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2020		2019	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	\$ 163,172	-	\$ 101,259	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 25)	(101,142)	-	(59,174)	-
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method (Notes 4 and 25)	4,205	-	(13,259)	-
Gain on hedging instruments not subject to basis adjustment (Notes 4, 25 and 30)	2,098,393	2	1,425,306	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 27)	<u>(399,450)</u>	<u>-</u>	<u>(273,227)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>826,968</u>	<u>1</u>	<u>552,713</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 966,968</u>	<u>1</u>	<u>\$ (647,085)</u>	<u>-</u>
EARNINGS (LOSS) PER SHARE (NEW TAIWAN DOLLARS; Note 28)				
Basic	<u>\$ 0.03</u>		<u>\$ (0.22)</u>	
Diluted	<u>\$ 0.03</u>		<u>\$ (0.22)</u>	

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

(Concluded)

**CHINA AIRLINES, LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

	Retained Earnings					Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity		Gain (Loss) on Hedging Instruments	Treasury Shares Held by Subsidiaries	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2019	\$ 54,209,846	\$ 1,241,214	\$ 351,923	\$ 118,810	\$ 1,144,928	\$ (9,664)	\$ 42,619	\$ 25,268	\$ (43,372)	\$ 57,081,572	
Basis adjustments to gain on hedging instruments	-	-	-	-	-	-	-	(603)	-	(603)	
Appropriation of 2018 earnings											
Legal reserve	-	-	114,493	-	(114,493)	-	-	-	-	-	
Special reserve	-	-	-	(105,843)	105,843	-	-	-	-	-	
Cash dividends - \$0.20960737 per share	-	-	-	-	(1,136,278)	-	-	-	-	(1,136,278)	
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	606	-	-	-	-	-	-	-	606	
Actual disposal or acquisition of interests in subsidiaries	-	1,247,087	-	-	-	-	-	-	-	1,247,087	
Net loss for the year ended December 31, 2019	-	-	-	-	(1,199,798)	-	-	-	-	(1,199,798)	
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(577,427)	(53,411)	64,538	1,119,013	-	552,713	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(1,777,225)	(53,411)	64,538	1,119,013	-	(647,085)	
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	8,368	105	-	-	8,473	
BALANCE AT DECEMBER 31, 2019	54,209,846	2,488,907	466,416	12,967	(1,777,225)	(54,707)	107,262	1,143,678	(43,372)	56,553,772	
Issuance of employee share options by subsidiaries	-	172	-	-	-	-	-	-	-	172	
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(169,272)	-	-	-	-	(169,272)	
Basis adjustment to gain on hedging instruments	-	-	-	-	-	-	-	200,989	-	200,989	
Appropriation of 2019 earnings											
Legal reserve	-	-	(466,416)	-	466,416	-	-	-	-	-	
Special reserve	-	-	-	(12,967)	12,967	-	-	-	-	-	
Capital surplus used to cover accumulated deficit	-	(1,297,843)	-	-	1,297,843	-	-	-	-	-	
Net profit for the year ended December 31, 2020	-	-	-	-	140,000	-	-	-	-	140,000	
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(319,576)	(79,545)	(35,903)	1,261,992	-	826,968	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(179,576)	(79,545)	(35,903)	1,261,992	-	966,968	
Disposal of treasury shares	-	(3,909)	-	-	(1,734)	-	-	-	12,497	6,854	
BALANCE AT DECEMBER 31, 2020	\$ 54,209,846	\$ 1,187,327	\$ -	\$ -	\$ (350,581)	\$ (134,252)	\$ 71,359	\$ 2,606,659	\$ (30,875)	\$ 57,559,483	

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

# CHINA AIRLINES, LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$ 171,095	\$ (1,187,326)
Adjustments for:		
Depreciation expense	28,018,746	29,398,635
Amortization expense	169,158	165,981
Expected credit loss recognized on trade receivables	3,000	24,000
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(3,596)	(25,700)
Interest income	(208,081)	(314,944)
Dividend income	(8,720)	(10,112)
Share of loss (profit) of associates and joint ventures	1,850,331	(1,811,960)
Gain on disposal of property, plant and equipment	(8,005)	(26,377)
Gain on disposal of investments accounted for using the equity method	-	(7,656)
Loss on disposal of non-current assets held for sale	-	10,462
Loss on inventories and property, plant and equipment	471,518	571,960
Impairment loss recognized on property, plant and equipment	424,573	-
Net (gain) loss on foreign currency exchange	(1,048,369)	41,292
Impairment loss recognized on investments accounted for using the equity method	46,757	-
Finance costs	2,780,363	3,034,172
Recognition of provisions	5,580,416	3,616,519
Loss on sale-leasebacks	-	103,775
Others	1,876	5
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	4,030	25,266
Financial liabilities mandatorily classified as at fair value through profit or loss	(11,749)	11,528
Notes and accounts receivable	(1,467,229)	1,507,192
Accounts receivable - related parties	130,962	65,925
Other receivables	107,524	101,047
Inventories	(70,344)	(128,037)
Other current assets	1,701,803	351,186
Notes and accounts payable	(59,328)	53,077
Accounts payable - related parties	(881,200)	(114,250)
Other payables	(3,724,692)	(731,599)
Contract liabilities	(15,840,648)	1,851,452
Provisions	(705,117)	(1,970,226)
Other current liabilities	(1,915,678)	(120,655)
Accrued pension liabilities	134,432	93,703
Cash generated from operations	15,643,828	34,578,335
Interest received	228,141	307,503
Dividends received	842,919	940,039

(Continued)

# CHINA AIRLINES, LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Interest paid	\$ (2,966,777)	\$ (3,038,729)
Income tax paid	<u>(23,308)</u>	<u>(41,260)</u>
Net cash generated from operating activities	<u>13,724,803</u>	<u>32,745,888</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	(5,896,451)	(1,467,317)
Disposal of financial assets at amortized cost	1,460,450	2,310,000
Payments to acquire financial assets for hedging	(10,269,055)	-
Proceeds from disposal of financial assets for hedging	2,363,897	-
Acquisition of investments accounted for using the equity method	(1,837,845)	(35,525)
Payments for disposal of property, plant and equipment	(859,654)	(2,397,742)
Proceeds from disposal of property, plant and equipment	23,385	38,596
Proceeds from disposal of non-current assets held for sale	-	35,692
Proceeds from disposal of investments accounted for using the equity method	-	1,713,825
Increase in refundable deposits	(18,214)	(387,244)
Decrease in refundable deposits	34,599	104,825
Increase in prepayments for equipment	(9,966,342)	(13,699,043)
Increase in computer software costs	<u>(95,217)</u>	<u>(157,571)</u>
Net cash used in investing activities	<u>(25,060,447)</u>	<u>(13,941,504)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bill payable	8,088,882	-
Proceeds from issuance of bonds payable	-	3,500,000
Repayments of bonds payable	(10,000,000)	(4,445,900)
Proceeds from sale-leasebacks	-	4,905,660
Proceeds from long-term debts	40,200,000	5,500,000
Repayments of long-term debts	(18,912,651)	(15,336,255)
Repayments of the principal portion of lease liabilities	(8,909,975)	(9,666,313)
Proceeds from guarantee deposits received	166,697	167,034
Refunds of guarantee deposits received	(146,566)	(133,938)
Dividends paid to owners of the Company	<u>-</u>	<u>(1,136,278)</u>
Net cash generated from (used in) financing activities	<u>10,486,387</u>	<u>(16,645,990)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>183,063</u>	<u>(220,402)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(666,194)	1,937,992
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>20,626,014</u>	<u>18,688,022</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 19,959,820</u>	<u>\$ 20,626,014</u>

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

(Concluded)



## **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. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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 a summary of significant accounting policies. (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, 2020 and 2019, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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, 2020. 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:

#### **Recognition of Cargo Revenue**

In accordance with IFRS 15 “Revenue from Contracts with Customers”, cargo sales are accounted for as cargo revenue after relevant transportation services have been provided. For the year ended December 31, 2020, cargo revenue amounted to NT\$81,692,574

thousand. Refer to Notes 4 and 27 to the accompanying consolidated financial statements for detailed information.

Cargo rates are highly affected by the supply and demand of the market and sales can only be recognized after relevant transportation services are provided. The input, processing and maintenance of freight information on the air waybills involve manual operations. Therefore, we identified the recognition of cargo revenue as a key audit matter.

Our main audit procedures performed included the following:

1. We understood the internal controls related to the recognition of cargo revenue, including manual and automatic control.
2. We understood and tested the effectiveness of information system related to the recognition of cargo revenue.
3. We sampled the air waybills, confirmed that cargo rates were consistent with those stated in air waybills, and verified the accuracy of cargo revenue.

### **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, 2020, total assets of these subsidiaries amounted to NT\$11,694,612 thousand, representing 4.12% of the consolidated total assets. For the year ended December 31, 2020, revenue from these subsidiaries amounted to NT\$1,880,636 thousand, representing 1.63% of the consolidated total revenue.

We have also audited the parent company only financial statements of China Airlines, Ltd. as of and for the years ended December 31, 2020 and 2019 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 and supervisors, 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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, 2020 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 Jui-Chan Huang and Shiuh-Ran Cheng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 18, 2021

#### 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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4, 6 and 32)	\$ 27,125,937	10	\$ 28,459,528	10
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	274,761	-	512,192	-
Financial assets at amortized cost (Notes 9 and 32)	6,551,693	2	2,355,095	1
Financial assets for hedging - current (Notes 4 and 32)	7,613,636	3	9,626	-
Notes and accounts receivable, net (Notes 4, 10 and 32)	9,697,511	4	8,520,834	3
Notes and accounts receivable - related parties (Notes 32 and 33)	1,667	-	10,348	-
Other receivables (Notes 4 and 32)	801,134	-	774,206	-
Current tax assets (Notes 4 and 28)	67,549	-	54,689	-
Inventories, net (Notes 4 and 11)	8,788,105	3	8,470,113	3
Non-current assets held for sale (Notes 4, 5 and 12)	89,296	-	-	-
Other assets - current (Note 18)	861,179	-	2,655,711	1
Total current assets	<u>61,872,468</u>	<u>22</u>	<u>51,822,342</u>	<u>18</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 32)	163,746	-	209,221	-
Financial assets at amortized cost (Notes 4 and 9)	311,596	-	105,586	-
Investments accounted for using the equity method (Notes 4 and 14)	1,970,802	1	2,223,793	1
Property, plant and equipment (Notes 4, 5, 15 and 34)	141,481,694	50	145,886,971	50
Right-of-use assets (Notes 4, 21 and 34)	59,861,537	21	71,033,617	24
Investment properties (Notes 4 and 16)	2,074,798	1	2,075,068	1
Other intangible assets (Notes 4 and 17)	1,076,351	-	1,182,692	-
Deferred income tax asset (Notes 4, 5 and 28)	6,028,200	2	5,337,626	2
Other assets - non-current (Notes 18, 21, 32 and 34)	9,352,892	3	13,171,063	4
Total non-current assets	<u>222,321,616</u>	<u>78</u>	<u>241,225,637</u>	<u>82</u>
<b>TOTAL</b>	<u>\$ 284,194,084</u>	<u>100</u>	<u>\$ 293,047,979</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term debts (Note 19)	\$ 1,932,000	1	\$ 380,000	-
Short-term bills payable (Note 19)	8,088,882	3	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4, 5, 7 and 32)	-	-	11,749	-
Financial liabilities for hedging - current (Notes 4, 21 and 32)	8,129,752	3	8,618,506	3
Notes and accounts payable (Note 32)	1,354,237	1	1,495,606	1
Accounts payable - related parties (Notes 32 and 33)	128,567	-	542,015	-
Other payables (Notes 22 and 32)	8,306,257	3	13,187,972	5
Current tax liabilities (Notes 4 and 28)	216,602	-	374,178	-
Lease liabilities - current (Notes 3, 4 and 21)	2,525,957	1	2,340,873	1
Contract liabilities - current (Note 23)	3,569,360	1	21,060,773	7
Provisions - current (Notes 4 and 24)	164,800	-	360,393	-
Bonds payable and put option of convertible bonds - current portion (Notes 4, 20, 27 and 32)	11,982,859	4	10,000,000	3
Loans and debts - current portion (Notes 19, 32 and 34)	15,234,374	5	14,148,892	5
Other current liabilities (Note 32)	1,016,068	-	3,830,570	1
Total current liabilities	<u>62,649,715</u>	<u>22</u>	<u>76,351,527</u>	<u>26</u>
<b>NON-CURRENT LIABILITIES</b>				
Derivative financial liabilities for hedging - non-current (Notes 3, 4, 21 and 32)	32,455,333	11	42,420,205	15
Bonds payable - non-current (Notes 4, 20, 27 and 32)	10,300,000	4	22,052,625	8
Loans and debts - non-current (Notes 19, 32 and 35)	77,288,330	27	53,514,891	18
Contract liabilities - non-current (Notes 4 and 23)	1,761,104	1	2,236,311	1
Provisions - non-current (Notes 4 and 24)	14,369,486	5	10,011,464	3
Current tax liabilities - non-current (Notes 4 and 28)	87,181	-	-	-
Deferred tax liabilities (Notes 4 and 28)	1,023,084	-	557,142	-
Lease liabilities - non-current (Notes 3, 4, and 21)	13,279,792	5	15,801,724	5
Accrued pension costs (Notes 4, 5 and 25)	9,737,741	4	9,435,035	3
Other non-current liabilities (Note 32)	530,745	-	534,938	-
Total non-current liabilities	<u>160,832,796</u>	<u>57</u>	<u>156,564,335</u>	<u>53</u>
Total liabilities	<u>223,482,511</u>	<u>79</u>	<u>232,915,862</u>	<u>79</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 20 and 26)</b>				
Share capital	54,209,846	19	54,209,846	19
Capital surplus	1,187,327	-	2,488,907	1
Retained earnings (accumulated deficit)				
Legal reserve	-	-	466,416	-
Special reserve	-	-	12,967	-
Unappropriated retained earnings (accumulated deficit)	(350,581)	-	(1,777,225)	-
Total retained earnings (accumulated deficit)	<u>(350,581)</u>	<u>-</u>	<u>(1,297,842)</u>	<u>-</u>
Other equity	2,543,766	1	1,196,233	-
Treasury shares	(30,875)	-	(43,372)	-
Total equity attributable to owners of the Company	57,559,483	20	56,553,772	20
<b>NON-CONTROLLING INTERESTS (Note 26)</b>	<u>3,152,090</u>	<u>1</u>	<u>3,578,345</u>	<u>1</u>
Total equity	<u>60,711,573</u>	<u>21</u>	<u>60,132,117</u>	<u>21</u>
<b>TOTAL</b>	<u>\$ 284,194,084</u>	<u>100</u>	<u>\$ 293,047,979</u>	<u>100</u>

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

## CHINA AIRLINES, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
REVENUE (Notes 4, 27 and 34)	\$ 115,250,550	100	\$ 168,444,160	100
COSTS (Notes 4, 9, 11, 17, 24, 25, 27 and 34)	<u>105,031,349</u>	<u>91</u>	<u>151,757,232</u>	<u>90</u>
GROSS PROFIT	10,219,201	9	16,686,928	10
OPERATING EXPENSES (Notes 4, 25 and 27)	<u>8,034,785</u>	<u>7</u>	<u>14,021,107</u>	<u>8</u>
OPERATING PROFIT	<u>2,184,416</u>	<u>2</u>	<u>2,665,821</u>	<u>2</u>
NON-OPERATING INCOME AND LOSS				
Other income (Notes 4, 8 and 27)	686,574	1	718,988	-
Other gains and losses (Notes 12, 14, 15, 27 and 31)	(265,990)	-	(473,812)	-
Finance costs (Notes 27 and 32)	(3,057,963)	(3)	(3,340,119)	(2)
Share of the profit of associates and joint ventures (Note 14)	<u>(200,834)</u>	<u>-</u>	<u>332,305</u>	<u>-</u>
Total non-operating income and loss	<u>(2,838,213)</u>	<u>(2)</u>	<u>(2,762,638)</u>	<u>(2)</u>
PRETAX LOSS	(653,797)	-	(96,817)	-
INCOME TAX (BENEFIT) EXPENSE (Notes 4, 5 and 28)	<u>373,983</u>	<u>-</u>	<u>(578,185)</u>	<u>-</u>
NET (LOSS) INCOME	<u>(279,814)</u>	<u>-</u>	<u>(675,002)</u>	<u>-</u>
Other comprehensive gain for the year, net of income tax				
Items that will not be reclassified subsequently to profit or loss:				
(Loss) gain on hedging instruments subject to basis adjustment (Notes 4, 26 and 32)	(474,202)	(1)	(17,705)	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income (Note 8)	(45,588)	-	79,392	-
Remeasurement of defined benefit plans (Notes 4 and 25)	(399,150)	-	(781,793)	-
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	34,271	-	(32,102)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 28)	<u>144,158</u>	<u>-</u>	<u>145,166</u>	<u>-</u>
	<u>(740,511)</u>	<u>(1)</u>	<u>(607,042)</u>	<u>-</u>

(Continued)

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	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)	\$ (97,948)	-	\$ (72,952)	-
Gain on hedging instruments not subject to basis adjustment (Notes 4, 26 and 32)	2,103,332	2	1,411,623	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 28)	<u>(400,801)</u>	<u>-</u>	<u>(268,871)</u>	<u>-</u>
	<u>1,604,583</u>	<u>2</u>	<u>1,069,800</u>	<u>-</u>
Other comprehensive gain (loss) for the year, net of income tax	<u>864,072</u>	<u>1</u>	<u>462,758</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 584,258</u>	<u>1</u>	<u>\$ (212,244)</u>	<u>-</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	\$ 140,000	-	\$ (1,199,798)	(1)
Non-controlling interests	<u>(419,814)</u>	<u>-</u>	<u>524,796</u>	<u>1</u>
	<u>\$ (279,814)</u>	<u>-</u>	<u>\$ (675,002)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 966,968	1	\$ (647,085)	-
Non-controlling interests	<u>(382,710)</u>	<u>-</u>	<u>434,841</u>	<u>-</u>
	<u>\$ 584,258</u>	<u>1</u>	<u>\$ (212,244)</u>	<u>-</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 29)				
Basic	<u>\$ 0.03</u>		<u>\$ (0.22)</u>	
Diluted	<u>\$ 0.03</u>		<u>\$ (0.22)</u>	

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

(Concluded)

## CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Retained Earnings				Other Equity				Treasury Shares Held by Subsidiaries	Total	Non-Controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translation of the Financial Statements of Foreign	Unrealized Gain on Financial Asset at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments				
BALANCE AT JANUARY 1, 2019	\$ 54,209,846	\$ 1,241,214	\$ 351,923	\$ 118,810	\$ 1,144,928	\$ (9,664)	\$ 42,619	\$ 25,268	\$ (43,372)	\$ 57,081,572	\$ 2,965,512	\$ 60,047,084
Basis adjustment to loss on hedging instruments	-	-	-	-	-	-	-	(603)	-	(603)	-	(603)
Appropriation of 2018 earnings												
Legal reserve	-	-	114,493	-	(114,493)	-	-	-	-	-	-	-
Special reserve	-	-	-	(105,843)	105,843	-	-	-	-	-	-	-
Cash dividends - \$0.20960737 per share	-	-	-	-	(1,136,278)	-	-	-	-	(1,136,278)	-	(1,136,278)
Changes in capital surplus from dividends distributed to subsidiaries	-	606	-	-	-	-	-	-	-	606	-	606
Actual disposal of interests in subsidiaries	-	1,247,087	-	-	-	-	-	-	-	1,247,087	7,546	1,254,633
Net profit (loss) for the year ended December 31, 2019	-	-	-	-	(1,199,798)	-	-	-	-	(1,199,798)	524,796	(675,002)
Other comprehensive income (loss) for the year ended December 31, 2019 net of income tax	-	-	-	-	(577,427)	(53,411)	64,538	1,119,013	-	552,713	(89,955)	462,758
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(1,777,225)	(53,411)	64,538	1,119,013	-	(647,085)	434,841	(212,244)
Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	611,841	611,841
Non-controlling interests arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	(416,438)	(416,438)
Loss of control of subsidiaries	-	-	-	-	-	8,368	105	-	-	8,473	(24,957)	(16,484)
BALANCE AT DECEMBER 31, 2019	54,209,846	2,488,907	466,416	12,967	(1,777,225)	(54,707)	107,262	1,143,678	(43,372)	56,553,772	3,578,345	60,132,117
Issuance of employee share options by subsidiaries	-	172	-	-	-	-	-	-	-	172	52	224
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(169,272)	-	-	-	-	(169,272)	331,427	162,155
Basis adjustments to gain on hedging instruments	-	-	-	-	-	-	-	200,989	-	200,989	-	200,989
Appropriation of 2019 earnings												
Legal reserve	-	-	(466,416)	-	466,416	-	-	-	-	-	-	-
Special reserve	-	-	-	(12,967)	12,967	-	-	-	-	-	-	-
Capital surplus used to cover accumulated deficit	-	(1,297,843)	-	-	1,297,843	-	-	-	-	-	-	-
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	140,000	-	-	-	-	140,000	(419,814)	(279,814)
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(319,576)	(79,545)	(35,903)	1,261,992	-	826,968	37,104	864,072
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(179,576)	(79,545)	(35,903)	1,261,992	-	966,968	(382,710)	584,258
Disposal of treasury shares	-	(3,909)	-	-	(1,734)	-	-	-	12,497	6,854	-	6,854
Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(375,024)	(375,024)
BALANCE AT DECEMBER 31, 2020	\$ 54,209,846	\$ 1,187,327	\$ -	\$ -	\$ (350,581)	\$ (134,252)	\$ 71,359	\$ 2,606,659	\$ (30,875)	\$ 57,559,483	\$ 3,152,090	\$ 60,711,573

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



# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (653,797)	\$ (96,817)
Adjustments for operating activities:		
Depreciation expense	31,167,247	32,601,400
Amortization expense	206,936	198,237
Expected credit loss recognized on trade receivables	4,895	24,096
Net gain on fair value changes of financial assets and liabilities held for trading	(2,287)	(27,580)
Interest income	(282,506)	(417,446)
Dividend income	(23,043)	(21,422)
Share of loss (profit) of associates and joint ventures	200,834	(332,305)
Gain on disposal of property, plant and equipment	(13,347)	(32,460)
Gain on disposal of investments accounted for using the equity method	-	(7,656)
Loss on disposal of non-current assets held for sale	-	10,462
Impairment loss recognized on property, plant, equipment	424,573	-
Loss on inventories and property, plant and equipment	471,507	572,026
Net gain on foreign currency exchange	(1,338,716)	(59,987)
Compensation costs of employee share options	224	-
Finance costs	3,057,963	3,340,119
Impairment loss of investments accounted for using the equity method	46,757	-
Recognition of provisions	6,075,077	4,608,924
Amortization of unrealized sale-leasebacks	-	103,775
Others	(2,435)	(1,484)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	241,592	(278,741)
Financial liabilities mandatorily classified as at fair value through profit or loss	(11,749)	11,528
Notes and accounts receivable	(1,073,959)	1,564,298
Accounts receivable - related parties	593,365	66,538
Other receivables	(85,263)	(49,138)
Inventories	(83,341)	(118,317)
Other current assets	1,830,887	548,156
Notes and accounts payable	(628,780)	(14,326)
Accounts payable - related parties	(1,043,501)	(224,931)
Other payables	(4,295,509)	(832,288)
Contract liabilities	(17,966,621)	1,847,286
Provisions	(1,308,170)	(2,799,314)
Other current liabilities	(2,620,022)	202,815
Accrued pension liabilities	(97,570)	(149,678)
Other liabilities	(17,082)	(5,155)
Cash generated from operations	12,774,159	40,230,615
Interest received	304,642	401,190

(Continued)

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Dividends received	\$ 32,433	\$ 355,311
Interest paid	(3,209,074)	(3,124,960)
Income tax paid	<u>(178,685)</u>	<u>(335,544)</u>
Net cash generated from operating activities	<u>9,723,475</u>	<u>37,526,612</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	(6,235,773)	(2,089,871)
Disposal of financial assets at amortized cost	1,934,516	3,447,202
Payments to acquire financial assets for hedging	(10,269,055)	-
Disposal of financial assets for hedging	2,363,897	-
Proceeds from disposal of non-current assets held for sale	-	35,692
Payments for property, plant and equipment	(1,237,515)	(3,316,078)
Proceeds from disposal of property, plant and equipment	45,620	71,194
Increase in refundable deposits	(63,005)	(440,443)
Decrease in refundable deposits	122,324	218,547
Increase in prepayments for equipment	(11,407,502)	(15,658,898)
(Increase) decrease in computer software costs	(130,461)	(172,639)
Decrease in restricted assets	(171,219)	38,636
Proceeds from disposal of associates accounted for using the equity method	-	1,866,474
Proceeds from acquisition of joint ventures accounted for using the equity method	-	(35,525)
Net cash outflow on disposal of subsidiaries (Note 31)	<u>-</u>	<u>(17,413)</u>
Net cash used in investing activities	<u>(25,048,173)</u>	<u>(16,053,122)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term debts	1,552,000	380,000
Increase in short-term bill payable	8,088,882	-
Proceeds from issuance of bonds payable	-	3,500,000
Repayments of bonds payable	(9,850,000)	(4,445,900)
Proceeds from long-term debts	45,605,919	9,078,690
Repayments of long-term debts	(20,746,998)	(17,819,750)
Repayments of the principal portion of lease liabilities	(10,583,872)	(11,692,310)
Proceeds from guarantee deposits received	165,404	180,360
Refunds of guarantee deposits received	(156,143)	(149,198)
Proceeds from sale - leasebacks	-	4,905,660
Dividends paid to owners of the Company	-	(1,135,672)
Issuance of ordinary shares of subsidiaries	162,155	-
Cash dividends paid to non-controlling interests	(375,024)	(416,438)
Proceeds from disposal of treasury shares	<u>6,854</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>13,869,177</u>	<u>(17,614,558)</u>

(Continued)

## CHINA AIRLINES, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	\$ <u>121,930</u>	\$ <u>(336,941)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,333,591)	3,521,991
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>28,459,528</u>	<u>24,937,537</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 27,125,937</u>	<u>\$ 28,459,528</u>

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

(Concluded)

**Appendix 2**

**China Airlines Ltd.**  
**Appropriation of 2020 Deficit**

Unit: NT\$

Items	Total
Unappropriated retained earnings (beginning balance)	\$ 0
Minus: Remeasurement of defined benefit plans	(395,374,159)
Add: Change from investments in associates and joint ventures accounted for by using equity method	75,798,224
Deduct: Changes in retained earnings due to not recognizing affiliated enterprises according to the shareholding ratio	
Deduct: Changes in retained earnings due to the affiliated enterprises selling treasury stocks	(169,271,736)
	<u>(1,734,294)</u>
Adjusted accumulated deficit	(490,581,965)
Add: 2020 Net loss after tax	<u>140,000,469</u>
Accumulated deficit before compensation	(350,581,496)
Capital reserve	<u>350,581,496</u>
Accumulated deficit (Ending Balance)	<u><u>\$ 0</u></u>

Chairman: HSIEH, SU-CHIEN

Manager: KAO, SHING-HWANG

Accounting Supervisor: CHEN, I-CHIEH

### Appendix 3

## China Airlines Ltd. Basic Information on Nominees of the 22nd Board of Directors

Item	A/C Number	Name & the Name of the Representative	Shareholding	Experience & Education
1	000001	China Aviation Development Foundation Representative : Hsieh, Su-Chien	1,867,341,935	Experience: Chairman of China Airlines Ltd., President of China Airlines Ltd., Chairman of Taiwan Air Cargo Terminal Limited, President of Australia Branch, China Airlines Ltd., Chairman of Sabre Travel Network Taiwan Ltd. Education: Bachelor's degree in Economics, Soochow University
2	000001	China Aviation Development Foundation Representative : Kao, Shing-Hwang	1,867,341,935	Experience: President of China Airlines Ltd., Senior VP of China Airlines Ltd., Vice President of Flight Operations Div., China Airlines Ltd., Vice Director of Flight Operation Div., China Airlines Ltd. Education: Bachelor's degree in Transportation and Communication Management, National Cheng Kung University
3	000001	China Aviation Development Foundation Representative : Chen, Han-Ming	1,867,341,935	Experience: Chairman of Tigerair Taiwan Co., Ltd., Chairman of Prime Development Co., Ltd., Director of Chyn-Tay Bearing Co., Ltd., Director of HuaDa Venture Capital Co., Ltd., Director of Yuan-Chin Development Co., Ltd., Supervisor of Changjia Mechanical Engineering Co., Ltd. Education: Master's degree in Business Management, Birmingham City University, UK

Item	A/C Number	Name & the Name of the Representative	Shareholding	Experience & Education
4	000001	China Aviation Development Foundation Representative : Ting, Kwang-Hung	1,867,341,935	Experience: Chairman of China Airlines Ltd., President of China Airlines Ltd., Chairman of Taiwan Air Cargo Terminal Limited, President of Australia Branch, China Airlines Ltd., Chairman of Sabre Travel Network Taiwan Ltd. Education: Bachelor's degree in Economics, Soochow University
5	000001	China Aviation Development Foundation Representative : Chen, Charles C.Y.	1,867,341,935	Experience: Chairman of Phu Yung An Corp., Chairman of Phu My Hung Development Corporation, Chairman of Alliance International Development Corp, Chairman of Hiep Phuoc Power Co., Vice Chairman of Central Trading & Development Corporation, Chairman of Ching Hsing International Co., Ltd. Education: Bachelor's degree in Finance, Boston University, U.S.A.
6	000001	China Aviation Development Foundation Representative : Chen, Maun-Jen	1,867,341,935	Experience: Chairman of Eyon Holding Group, Vice Chairman of Taiwan Air Cargo Terminal Ltd., Vice Chairman of Taian Insurance Co., Ltd., Chairman of Wan Hai International Pte. Ltd., Vice Chairman of Wan Hai Lines (Singapore) Pte Ltd., Chairman of Epistar Corp., Director of Nan Ya Photonics Incorporation, Director of Ichia Technologies, Inc., Adjunct Associate Professor at Department of Quantitative Finance, National Tsing Hua University, Director of Formosa International Hotels Ltd. Education: MBA, New York University, U.S.A.

Item	A/C Number	Name & the Name of the Representative	Shareholding	Experience & Education
7	000001	China Aviation Development Foundation Representative : Wei, Yung-Yeh	1,867,341,935	Experience: Everpar Enterprise Corporation, OE Scientech Co., Ltd., Hipower Autotech Co., Ltd., Hi Safe Technologies Co., Ltd., Taiwan Golf & Country Club, Chairman's Assistant of GSK Corporation, Sales Director of Chin Fong Machine Industrial Co., Ltd. Education: MBA, Tulane University, U.S.A.
8	000001	China Aviation Development Foundation Representative : Chao, Kang	1,867,341,935	Experience: Foreman, Line Maintenance Department, Engineering & Maintenance Div., China Airlines Ltd., F104G Maintenance, Civil Aircraft Line Maintenance Education: Self-education of aviation engineering/Jet Airplane Maintenance Group, Air Force Technical School
9	348715	National Development Fund, Executive Yuan Representative : Huang, Chung-Che	519,750,519	Experience: Cabin crew of China Airlines Ltd. Education: Bachelor's degree in Public Finance, Feng Chia University
10	348715	National Development Fund, Executive Yuan Representative : Wang, Shih-Szu	519,750,519	Experience: President of Taiwan Academy of Banking and Finance (TABF), Associate Dean and Council Member of TABF, Assistant Professor at National Taipei University, Representative of Shing Wan Research and Consulting Co., Ltd., Director of Finance Department, Yilan County, Director of BOT Study Center, Taiwan Institute of Economic Research, Director of Industrial Development Advisory Council, MOE Education: Ph.D. in Urban Planning Research, National Taipei University

China Airlines Ltd. Basic Information of Independent Director Nominees  
for the 22nd-term Board of Directors

Item	Name	Shareholding	Experience & Education
1	Hwang, Chin-Yeong	0	<p>Experience: President, Digitimes Inc. &amp; President, Digitimes; Director, Monte Jade Science and Technology Association; Adjunct Professor, National Chiao Tung University; Corporate Representative Director from Ministry of Economic Affairs, Taiwan External Trade Development Council's 19th term Board of Directors; Director, Taoyuan International Airport Corporation; Director, China Aviation Development Foundation</p> <p>Education: Master of Administration, Wonkwang University</p>
2	Huang, Hsieh-Hsing	0	<p>Experience: HQ President and Founder, Chungsun Prime Certified Public Accountants; Executive Director and Vice-Chairman, Taiwan Provincial CPA Association; Director, Accounting Research and Development Foundation; Chairman, Taiwan Provincial CPA Association; Member, CPA Discipline Committee of Financial Supervisory Commission; Chairman, New Taipei City Tax Agent Association; Director, National Federation of CPA Associations of the R.O.C.; Vice Chairman, Taxation and Tariff Committee; Chairman, Think Tank Committee; Director, Law Foundation of National Chengchi University</p> <p>Education: Master of Law, College of Law of National Chengchi University; Master of Business Management, National Sun Yat-sen University; Attended Accounting Ph.D. Program, Shanghai University of Finance and Economics</p>



3	Chang, Hsieh Gen-Sen (Independent Director for public welfare)	0	<p>Experience: Responsible Person, ChangKe CPA Firm; Independent Director, K Laser Technology Inc.; Member, Foundation Management Committee of Environmental Protection Administration, Executive Yuan; Responsible Person, XinAn CPA Firm; Adjunct Associate Professor, Chinese Culture University; Controller, Amagic Holographics, Inc. USA</p> <p>Education: MBA, University of California, Irvine, CA, USA</p>
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**Appendix 4****China Airlines Ltd. Details of Positions Concurrently Held by 22nd Directors**

<b>Name and title</b>	<b>Title at each company</b>
China Aviation Development Foundation Representative : Hsieh, Su-Chien	Director, China Aviation Development Foundation
China Aviation Development Foundation Representative : Kao, Shing-Hwang	Director, Mandarin Airlines, Ltd. Director, Taoyuan International Airport Services Co., Ltd.
China Aviation Development Foundation Representative : Chen, Han-Ming	Chairman, Tigerair Taiwan Co., Ltd. Chairman, Prime Development Co., Ltd. Director, Chyn Tay Bearing, Co., Ltd.
China Aviation Development Foundation Representative : Chen, Charles C.Y.	Vice-Chairman, Taiwan Air Cargo Terminal Ltd. Director of New Sincere Transportation Corp. Director of New Speed Transportation & Inventory Corp.
<b>Name of Institutional Shareholder</b>	<b>Position held in other companies</b>
China Aviation Development Foundation	Chairperson and representative of institutional director, Taiwan High Speed Rail Corporation

<b>Name and title</b>	<b>Title at each company</b>
National Development Fund, Executive Yuan	Representative of institutional director, Taiwan Aerospace Corp. Representative of institutional director, Taiwan High Speed Rail Corporation Representative of institutional director, Kaohsiung Rapid Transit Corporation Representative of institutional director, Yang Ming Marine Transport Corporation Representative of institutional director, Aerovision Avionics, Inc.