

2023 China Airlines General Shareholders' Meeting Minutes

Type of Meeting: Physical meeting

Meeting Time: 9 a.m. on May 31 (Wednesday), 2023

Meeting Location: Novotel Taipei Taoyuan International Airport (No. 1-1, Hangzhan South Rd, Dayuan District, Taoyuan City)

Shareholders Present: The Company has issued a total of 6,013,537,444 shares.

After deducting 2,074,628 of the Company's shares held by subordinate companies, a total of 6,011,462,816 shares can be represented by shareholders attending the General Shareholders' Meeting.

A total of 3,233,321,300 shares are represented by shareholders present in person or by proxy (including the 3,140,007,067 shares represented by shareholders exercising voting rights via electronic methods), accounting for 53.78% of the total shares that can be represented by attending shareholders.

Directors Present: Hsieh, Su-Chien; Kao, Shing-Hwang; Chen, Han-Ming Wei, Yung-Yeh; Chen, Maun-Jen

Independent Directors Present: Huang, Hsieh-Hsing; Chang, Hsieh Gen-Sen

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

Minutes Taker: Liu, Long-Chang

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 2022 - please refer to pages 3-7 in the Meeting Agenda.

Item 2: Audit Committee's review report for the year 2022 - please refer to page 9 in the Meeting Agenda.

Item 3: Proposal for the distribution of 2022 employee compensation- please refer to page 10 in the Meeting Agenda.

Item 4: Proposal for the distribution of 2022 cash dividends- please refer to page 11 in the Meeting Agenda.

IV. Ratification Items:

Item 1: Ratification of Business Report and Financial Statements for the year 2022.
(Proposed by the Board of Directors)

Explanatory Notes: 1. The Company's 2022 Financial Statements (including the Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, and Cash Flow Statement) have been verified by accountants Lee, Kuan-Hao and Cheng, Shiu-Ran of Deloitte & Touche. This proposal was approved in the 9th meeting of the 22nd Board of Directors.

2. Please refer to pages 3-7 in the Meeting Agenda for the 2022 Business Report. Please refer to 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 3,233,233,300 votes represented by attending shareholders at the time of voting.

Voting Result (Including Electronic Votes)	% of Attending Shareholders' Votes
Approval Votes: 3,074,845,316	95.10%
Disapproval Votes: 2,227,350	0.06%
Invalid Votes: 0	0.00%
Abstention Votes/No Votes: 156,160,634	4.82%

Through voting, the proposal was approved as proposed.

Item 2: Ratification of the Proposal for the distribution of 2022 profits. (Proposed by the Board of Directors)

Explanatory Notes: 1. Handled in accordance with Article 228 of the Company Act.

2. Undistributed earnings at the beginning of the period was NT\$3,328,463,411 (reporting currency), and the net income after tax for 2022 was NT\$2,859,503,172. After deducting the remeasurement of the defined benefit plan of NT\$23,111,947, and changes in the retained earnings of NT\$173,302,664 from affiliates being recognized not based on the portion of shares held, as well as after setting aside 10% of the legal reserve of NT\$305,591,778 and special reserve of NT\$534,374,747, the total distributable surplus earnings reached NT\$5,544,414,669. The company proposes to pay NT\$2,772,207,335 in cash

dividends, representing NT\$0.46099444 per share. The payment of each shareholder's cash dividend is to be in full New Taiwan Dollars while the fractional amounts will be added to the company's other income.

3. Please refer to Appendix 2 for the Distribution of the 2022 surplus earnings table.
4. The proposal was approved in the 9th meeting of the 22nd Board of Directors meeting. After the resolution is adopted during this Shareholders' Meeting, the Board of Directors will be authorized to set the base date and the ex-dividend date for cash dividend distribution.

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

There were 3,233,233,300 votes represented by attending shareholders at the time of voting.

Voting Result (Including Electronic Votes)	% of Attending Shareholders' Votes
Approval Votes: 3,064,303,035	94.77%
Disapproval Votes: 17,163,288	0.53%
Invalid Votes: 1,000	0.00%
Abstention Votes/No Votes: 151,765,977	4.69%

Through voting, the proposal was approved as proposed.

V. Extempore Motions

Summary of speech:

Shareholder account #756098 enquired about managing increases in seat pricing increase and Novotel phone reservation problems, and provided suggestions on educating and training flight attendants.

Shareholder account #828412 enquired about whether the current diverse aircraft types can lead to maintenance difficulty and extra maintenance costs.

Shareholder #794874 enquired about the annual investment loss of the invested subsidiaries on page 4 of the meeting handbook.

The above shareholders' enquires have been explained and answered by the chairperson and the designated personnel.

VI. The Chairman adjourned the meeting (at 9:41 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 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, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 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, 2022. 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, 2022, cargo revenue amounted to NT\$115,864,041 thousand. Refer to Notes 4 and 25 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 airway bills 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 controls.
2. We understood and tested the effectiveness of the information system related to the recognition of cargo revenue.
3. We sampled the airway bills, confirmed that cargo rates were consistent with those stated in airway bills, and verified the amount of cargo revenue.

Other Matter - Audited by Other Independent Auditors

The financial statements of some investments accounted for using the equity method in Note 12 were audited by other independent auditors, and our audit opinion is based solely on the reports of other auditors. As of December 31, 2022 and 2021, the aforementioned investments accounted for using the equity method amounted to NT\$725,747 thousand and NT\$2,955,909 thousand, representing 0.27% and 1.09% of the total assets, respectively. For the years ended December 31, 2022 and 2021, the combined share of profit (loss) and other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$(2,230,169) thousand and NT\$(1,739,024) thousand, representing 761.22% and (18.44%) of the total comprehensive income, respectively.

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, 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 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 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 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 and 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, 2022 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 9, 2023

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 27,492,827	10	\$ 35,913,117	13
Financial assets at amortized cost - current (Notes 4, 8 and 29)	4,764,601	2	11,923,194	5
Financial assets for hedging - current (Notes 4, 6 and 29)	4,031,662	2	3,563,319	1
Notes and accounts receivable, net (Notes 4, 10 and 29)	10,529,664	4	12,990,399	5
Notes and accounts receivable - related parties (Note 30)	130,678	-	54,474	-
Other receivables	709,962	-	543,768	-
Current tax assets (Notes 4 and 26)	-	-	52,282	-
Inventories (Notes 4 and 10)	10,568,039	4	8,380,327	3
Non-current assets held for sale (Notes 4 and 11)	-	-	36,719	-
Other current assets (Note 16)	1,308,812	-	389,191	-
Total current assets	<u>59,536,245</u>	<u>22</u>	<u>73,846,790</u>	<u>27</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 7 and 29)	64,028	-	55,458	-
Investments accounted for using the equity method (Notes 4 and 12)	9,950,532	4	12,830,025	5
Property, plant and equipment (Notes 4, 5, 13 and 31)	114,770,352	43	115,174,548	42
Right-of-use assets (Notes 4, 19 and 31)	52,637,480	20	50,965,378	19
Investment properties (Notes 4 and 14)	2,047,448	1	2,047,448	1
Other intangible assets (Notes 4 and 15)	654,596	-	754,349	-
Deferred tax assets (Notes 4 and 26)	6,055,811	2	5,234,304	2
Other non-current assets (Notes 16, 19, 29 and 31)	22,375,706	8	9,742,416	4
Total non-current assets	<u>208,555,953</u>	<u>78</u>	<u>196,803,926</u>	<u>73</u>
TOTAL	<u>\$ 268,092,198</u>	<u>100</u>	<u>\$ 270,650,716</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities for hedging - current (Notes 4, 19 and 29)	\$ 9,983,761	4	\$ 8,437,648	3
Notes and accounts payable (Note 29)	1,109,292	-	826,989	-
Notes and accounts payable - related parties (Note 30)	730,428	-	733,837	-
Other payables (Notes 20 and 25)	13,265,783	5	12,865,006	5
Current tax liabilities	359,261	-	2,880,785	1
Lease liabilities - current (Notes 4 and 19)	1,185,177	1	882,538	1
Contract liabilities current (Notes 4 and 21)	15,257,687	6	3,416,733	1
Provisions - current (Notes 4 and 22)	3,490,653	1	2,578,812	1
Current portion of bonds payable and put option of convertible bonds (Notes 4, 18, and 29)	2,350,000	1	2,525,000	1
Current portion of long-term borrowings (Notes 17, 29 and 31)	11,733,508	4	8,351,129	3
Other current liabilities	2,815,333	1	2,168,227	1
Total current liabilities	<u>62,280,883</u>	<u>23</u>	<u>45,666,704</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 4, 19 and 29)	32,190,102	12	27,839,847	10
Bonds payable (Notes 4, 18, and 29)	7,649,674	3	11,125,026	4
Long-term borrowings (Notes 17, 29 and 31)	56,751,142	21	76,804,516	29
Contract liabilities - non-current (Notes 4 and 21)	1,280,906	1	635,633	-
Provisions - non-current (Notes 4 and 22)	16,927,949	6	15,229,888	6
Deferred tax liabilities (Notes 4 and 26)	8,259	-	822,368	-
Lease liabilities - non-current (Notes 4 and 19)	10,428,091	4	9,677,756	4
Net defined benefit liabilities - non-current (Notes 4, 5 and 23)	8,348,163	3	8,359,189	3
Other non-current liabilities	2,226,828	1	446,216	-
Total non-current liabilities	<u>135,811,114</u>	<u>51</u>	<u>150,940,439</u>	<u>56</u>
Total liabilities	<u>198,091,997</u>	<u>74</u>	<u>196,607,143</u>	<u>73</u>
EQUITY (Notes 18 and 24)				
Share capital	60,135,374	22	59,412,243	22
Capital surplus	3,120,311	1	2,694,529	1
Retained earnings				
Legal reserve	925,385	-	-	-
Unappropriated retained earnings	6,384,381	3	9,253,848	3
Total retained earnings	7,309,766	3	9,253,848	3
Other equity	(534,375)	-	2,713,828	1
Treasury shares	(30,875)	-	(30,875)	-
Total equity	<u>70,000,201</u>	<u>26</u>	<u>74,043,573</u>	<u>27</u>
TOTAL	<u>\$ 268,092,198</u>	<u>100</u>	<u>\$ 270,650,716</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 30)	\$141,069,849	100	\$132,140,248	100
OPERATING COSTS (Notes 4, 10, 25 and 30)	<u>128,089,348</u>	<u>91</u>	<u>106,229,554</u>	<u>80</u>
GROSS PROFIT	12,980,501	9	25,910,694	20
OPERATING EXPENSES (Notes 4, 25 and 30)	<u>7,063,461</u>	<u>5</u>	<u>6,590,298</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>5,917,040</u>	<u>4</u>	<u>19,320,396</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	1,307,531	1	374,625	-
Other gains and losses (Notes 11, 12, 13 and 25)	1,824,894	1	(1,971,900)	(1)
Finance costs (Note 25)	(2,220,960)	(1)	(2,164,174)	(2)
Share of profit or loss of subsidiaries, associates and joint ventures (Note 12)	<u>(2,939,603)</u>	<u>(2)</u>	<u>(3,585,007)</u>	<u>(3)</u>
Total non-operating income and expenses	<u>(2,028,138)</u>	<u>(1)</u>	<u>(7,346,456)</u>	<u>(6)</u>
PROFIT BEFORE INCOME TAX	3,888,902	3	11,973,940	9
INCOME TAX EXPENSE (Notes 4 and 26)	<u>1,029,399</u>	<u>1</u>	<u>2,594,035</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,859,503</u>	<u>2</u>	<u>9,379,905</u>	<u>7</u>
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, 24 and 29)	(144,906)	-	(75,214)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 24)	8,570	-	(91,703)	-
Remeasurement of defined benefit plans (Notes 4 and 23)	28,890	-	(35,512)	-

Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (Notes 4 and 24)	219,689	-	2,831	-

(Continued)

CHINA AIRLINES, LTD.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022	2021		
	Amount	%	Amount	%
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 26)	(67,750)	-	21,236	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 24)	141,415	-	17,597	-
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (Notes 4 and 24)	2,814	-	2,087	-
Gain (loss) on hedging instruments not subject to basis adjustment (Notes 4, 24 and 29)	(4,141,144)	(3)	264,168	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 26)	<u>799,947</u>	<u>1</u>	<u>(56,353)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>(3,152,475)</u>	<u>(2)</u>	<u>49,137</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (292,972)</u>	<u>-</u>	<u>\$ 9,429,042</u>	<u>7</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
Basic	<u>\$ 0.48</u>		<u>\$ 1.67</u>	
Diluted	<u>\$ 0.47</u>		<u>\$ 1.54</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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings Unappropriated Earnings (Accumulated Deficit)	Other Equity				Treasury Shares	Total Equity
					Exchange Differences on Translation of the Financial Statements of Foreign Operations	(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments			
BALANCE AT JANUARY 1, 2021	\$ 54,209,846	\$ 1,187,327	\$ -	\$ (350,581)	\$ (134,252)	\$ 71,359	\$ 2,606,659	\$ (30,875)	\$ 57,559,483	
Basis adjustment to gain (loss) on hedging instruments	-	-	-	-	-	-	-	99,507	-	99,507
Appropriation of 2020 earnings										
Capital surplus used to cover accumulated deficit	-	(350,581)	-	350,581	-	-	-	-	-	-
Issuance of employee share options by subsidiaries	-	540	-	-	-	-	-	-	-	540
Changes in percentage of ownership interests in subsidiaries	-	-	-	(104,639)	-	-	-	-	-	(104,639)
Net profit for the year ended December 31, 2021	-	-	-	9,379,905	-	-	-	-	-	9,379,905
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	(21,418)	14,173	(76,871)	133,253	-	-	49,137
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	9,358,487	14,173	(76,871)	133,253	-	-	9,429,042
Equity component of convertible bonds issued by the Company	-	188,862	-	-	-	-	-	-	-	188,862
Convertible bonds converted to ordinary shares	5,202,397	1,668,381	-	-	-	-	-	-	-	6,870,778
BALANCE AT DECEMBER 31, 2021	59,412,243	2,694,529	-	9,253,848	(120,079)	(5,512)	2,839,419	(30,875)	74,043,573	
Basis adjustment to gain (loss) on hedging instruments	-	-	-	-	-	-	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)
Changes in capital surplus from dividends to subsidiaries	-	1,725	-	-	-	-	-	-	-	1,725
Net profit for the year ended December 31, 2022	-	-	-	2,859,503	-	-	-	-	-	2,859,503
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)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	3,055,918	115,781	46,430	(3,511,101)	-	-	(292,972)
Convertible bonds converted to ordinary shares	723,131	424,050	-	-	-	-	-	-	-	1,147,181
Others	-	7	-	-	-	-	-	-	-	7
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	

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

CHINA AIRLINES, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,888,902	\$ 11,973,940
Adjustments for:		
Depreciation expense	26,756,562	26,503,214
Amortization expense	181,662	179,111
Expected credit loss recognized on trade receivables	38,474	38,474
Interest income	(566,465)	(132,220)
Dividend income	(11,723)	(8,355)
Share of loss of subsidiaries, associates and joint ventures	2,939,603	3,585,007
(Gain) loss on disposal of property, plant and equipment	(19,911)	932,718
Gain on disposal of non-current assets held for sale	(558,477)	-
Loss on disposal of investments	-	540
Impairment loss recognized on property, plant and equipment	1,641	-
Loss on inventory and property, plant and equipment	675,274	1,391,279
Net loss (gain) on foreign currency exchange	1,580,216	(895,534)
Impairment loss recognized on investments accounted for using the equity method	-	136,672
Finance costs	2,220,960	2,164,174
Recognition of provisions	4,958,429	5,796,335
Loss on sale and leaseback transactions	-	342,080
Others	84,406	(3,625)
Changes in operating assets and liabilities		
Notes and accounts receivable	2,515,841	(3,875,256)
Accounts receivable - related parties	(76,204)	46,950
Other receivables	(168,077)	(117,036)
Inventories	(2,504,030)	(1,009,933)
Other current assets	(913,115)	70,928
Notes and accounts payable	209,251	(278,147)
Accounts payable - related parties	(3,409)	145,603
Other payables	692,575	5,815,179
Contract liabilities	12,486,227	(927,584)
Provisions	(3,690,602)	(1,476,769)
Other current liabilities	660,685	1,474,423
Defined benefit liabilities	17,864	106,282
Other liabilities	<u>72,384</u>	<u>-</u>
Cash generated from operations	51,468,943	51,978,450
Interest received	564,084	129,028
Dividends received	317,263	213,017
Interest paid	(2,361,441)	(2,140,081)

Income tax paid	<u>(4,402,059)</u>	<u>(45,987)</u>
Net cash generated from operating activities	<u>45,586,790</u>	<u>50,134,427</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(4,793,951)	(11,956,286)
Proceeds from disposal of financial assets at amortized cost	11,923,194	5,863,137

(Continued)

CHINA AIRLINES, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Purchase of financial assets for hedging	(9,535,604)	(7,126,515)
Proceeds from disposal of financial assets for hedging	9,063,037	11,110,497
Acquisition of investments and joint ventures accounted for using the equity method	-	(4,527,062)
Proceeds from disposal of non-current assets held for sale	679,951	-
Payments for property, plant and equipment	(2,269,028)	(1,702,245)
Proceeds from disposal of property, plant and equipment	25,141	586,395
Increase in refundable deposits	(323,121)	(79,357)
Decrease in refundable deposits	472,380	104,584
Increase in prepayments for equipment	(24,361,989)	(12,182,071)
Increase in computer software costs	(70,281)	(66,007)
Increase in restricted assets	(28,902)	-
Net cash inflow on disposal of subsidiary	<u>-</u>	<u>9,730</u>
Net cash used in investing activities	<u>(19,219,173)</u>	<u>(19,965,200)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bill payable	-	(8,088,882)
Proceeds from issuance of bonds payable	-	4,500,000
Repayments of bonds payable	(2,525,200)	(6,300,000)
Proceeds from long-term borrowings	4,231,761	40,224,874
Repayments of long-term borrowings	(20,902,756)	(38,683,066)
Repayments of the principal portion of lease liabilities	(10,194,631)	(8,769,985)
Proceeds of guarantee deposits received	58,477	273,890
Refund of guarantee deposits received	(61,488)	(200,415)
Proceeds from sale and leaseback transactions	-	2,810,098
Dividends paid	<u>(5,000,000)</u>	<u>-</u>
Net cash used in financing activities	<u>(34,393,837)</u>	<u>(14,233,486)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(394,070)</u>	<u>17,556</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,420,290)	15,953,297
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>35,913,117</u>	<u>19,959,820</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$27,492,827</u>	<u>\$35,913,117</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. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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 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, 2022. 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, 2022, cargo revenue amounted to NT\$116,249,972 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 airway bills 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 controls.
2. We understood and tested the effectiveness of information system related to the recognition of cargo revenue.
3. We sampled the airway bills, confirmed that cargo rates were consistent with those stated in airway bills, 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, 2022 and 2021, total assets of these subsidiaries amounted to NT\$14,4466,840 thousand and NT\$13,453,308 thousand, representing 4.91% and 4.56% of the consolidated total assets, respectively. For the years ended December 31, 2022 and 2021, revenue from these subsidiaries amounted to NT\$824,496 thousand and NT\$90,843 thousand, representing 0.55% and 0.07% 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, 2022 and 2021, on which we have issued an

unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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, 2022 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 9, 2023

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 31)	\$ 34,980,469	12	\$ 45,269,866	15
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	119,462	-	155,780	-
Financial assets at amortized cost (Notes 4, 9 and 31)	6,218,617	2	13,028,521	5
Financial assets for hedging - current (Notes 4, 6 and 31)	4,031,662	1	3,563,319	1
Notes and accounts receivable, net (Notes 4, 10 and 31)	11,126,642	4	13,473,493	5
Notes and accounts receivable - related parties (Notes 31 and 32)	4,849	-	2,348	-
Other receivables (Notes 4 and 31)	963,004	-	752,764	-
Current tax assets (Notes 4 and 28)	5,259	-	59,341	-
Inventories (Notes 4 and 11)	10,775,467	4	8,814,975	3
Non-current assets held for sale (Notes 4, 5 and 12)	-	-	36,719	-
Other current assets (Note 18)	1,596,912	1	692,464	-
Total current assets	<u>69,822,343</u>	<u>24</u>	<u>85,849,590</u>	<u>29</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 31)	123,033	-	67,884	-
Financial assets at amortized cost (Notes 4, 9 and 31)	205,765	-	70,596	-
Investments accounted for using the equity method (Notes 4 and 14)	1,453,244	-	1,555,016	1
Property, plant and equipment (Notes 4, 5, 15 and 33)	128,207,404	44	129,632,046	44
Right-of-use assets (Notes 4, 21 and 33)	59,015,407	20	56,061,967	19
Investment properties (Notes 4 and 16)	2,072,012	1	2,074,531	1
Other intangible assets (Notes 4 and 17)	883,420	-	1,008,992	-
Deferred tax assets (Notes 4, 5 and 28)	8,446,347	3	6,930,978	2
Other non-current assets (Notes 18, 21, 25, 31 and 33)	24,183,218	8	11,469,481	4
Total non-current assets	<u>224,589,850</u>	<u>76</u>	<u>208,871,491</u>	<u>71</u>
TOTAL	<u>\$ 294,412,193</u>	<u>100</u>	<u>\$ 294,721,081</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 835,000	-	\$ 1,932,000	1
Financial liabilities for hedging - current (Notes 4, 21 and 31)	9,983,959	3	8,438,097	3
Notes and accounts payable (Note 31)	1,357,805	1	1,115,600	-
Accounts payable - related parties (Notes 31 and 32)	317,810	-	130,572	-
Other payables (Notes 22 and 31)	15,207,259	5	14,661,347	5
Current tax liabilities (Notes 4 and 28)	492,415	-	3,054,287	1
Lease liabilities - current (Notes 4 and 21)	3,027,890	1	2,533,452	1
Contract liabilities - current (Notes 4 and 23)	17,409,654	6	3,868,712	1
Provisions - current (Notes 4 and 24)	3,691,812	1	3,247,236	1
Current portion of bonds payable and put option of convertible bonds (Notes 4, 20, 27 and 31)	2,350,000	1	2,525,000	1
Current portion of long-term borrowings (Notes 19, 31 and 33)	13,225,516	5	9,324,318	3
Other current liabilities (Note 31)	3,355,958	1	2,408,484	1
Total current liabilities	<u>71,255,078</u>	<u>24</u>	<u>53,239,105</u>	<u>18</u>
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 4, 21 and 31)	32,190,102	11	27,839,847	10
Bonds payable - non-current (Notes 4, 20, 27 and 31)	7,649,674	3	11,125,026	4
Long-term borrowings (Notes 19, 31 and 33)	65,109,050	22	85,069,285	29
Contract liabilities - non-current (Notes 4 and 23)	1,280,906	-	635,633	-
Provisions - non-current (Notes 4 and 24)	17,271,121	6	15,406,987	5
Deferred tax liabilities (Notes 4 and 28)	166,864	-	1,021,553	1
Lease liabilities - non-current (Notes 4 and 21)	15,439,535	5	12,758,050	4
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	9,229,640	3	9,814,737	3
Other non-current liabilities (Note 31)	2,366,781	1	605,840	-
Total non-current liabilities	<u>150,703,673</u>	<u>51</u>	<u>164,276,958</u>	<u>56</u>
Total liabilities	<u>221,958,751</u>	<u>75</u>	<u>217,516,063</u>	<u>74</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 20 and 26)				
Share capital	60,135,374	20	59,412,243	20
Capital surplus	3,120,311	1	2,694,529	1
Retained earnings				
Legal reserve	925,385	1	-	-
Unappropriated retained earnings	6,384,381	2	9,253,848	3
Total retained earnings	7,309,766	3	9,253,848	3
Other equity	(534,375)	-	2,713,828	1
Treasury shares	(30,875)	-	(30,875)	-
Total equity attributable to owners of the Company	70,000,201	24	74,043,573	25
NON-CONTROLLING INTERESTS (Note 26)				
Total equity	<u>2,453,241</u>	<u>1</u>	<u>3,161,445</u>	<u>1</u>
TOTAL	<u>\$ 294,412,193</u>	<u>100</u>	<u>\$ 294,721,081</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022	2021		
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 32)	\$150,722,471	100	\$138,841,403	100
OPERATING COSTS (Notes 4, 10, 11, 17, 24, 25, 27 and 32)	<u>139,352,258</u>	<u>92</u>	<u>115,486,946</u>	<u>83</u>
GROSS PROFIT	11,370,213	8	23,354,457	17
OPERATING EXPENSES (Notes 4, 25, 27 and 32)	<u>8,785,479</u>	<u>6</u>	<u>8,386,422</u>	<u>6</u>
PROFIT FROM OPERATIONS	<u>2,584,734</u>	<u>2</u>	<u>14,968,035</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 8 and 27)	1,588,586	1	938,526	1
Other gains and losses (Notes 12, 13, 14, 15, 27 and 31)	1,103,071	1	(1,971,093)	(2)
Finance costs (Notes 27 and 31)	(2,540,792)	(2)	(2,407,442)	(2)
Share of the profit of associates and joint ventures (Note 14)	<u>(74,839)</u>	<u>-</u>	<u>(401,421)</u>	<u>-</u>
Total non-operating income and expenses	<u>76,026</u>	<u>-</u>	<u>(3,841,430)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	2,660,760	2	11,126,605	8
INCOME TAX EXPENSE (Notes 4, 5 and 28)	<u>415,359</u>	<u>1</u>	<u>2,169,941</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,245,401</u>	<u>1</u>	<u>8,956,664</u>	<u>6</u>
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)	(144,906)	-	(75,214)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 8)	54,956	-	(95,864)	-
Remeasurement of defined benefit plans (Notes 4 and 25)	355,040	-	(64,137)	-

Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	18,070	-	10,779	-
(Continued)				

CHINA AIRLINES, LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022	2021		
	Amount	%	Amount	%
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 28)	(132,980)	—	26,961	—
	<u>150,180</u>	<u>—</u>	<u>(197,475)</u>	<u>—</u>
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)	147,595	-	18,156	-
Gain on hedging instruments not subject to basis adjustment (Notes 4, 26 and 31)	(4,140,897)	(3)	267,230	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 28)	<u>799,193</u>	<u>1</u>	<u>(57,330)</u>	<u>—</u>
	<u>(3,194,109)</u>	<u>(2)</u>	<u>228,056</u>	<u>—</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(3,043,929)</u>	<u>(2)</u>	<u>30,581</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (798,528)</u>	<u>(1)</u>	<u>\$ 8,987,245</u>	<u>6</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,859,503	2	\$ 9,379,905	7
Non-controlling interests	<u>(614,102)</u>	<u>(1)</u>	<u>(423,241)</u>	<u>(1)</u>
	<u>\$ 2,245,401</u>	<u>1</u>	<u>\$ 8,956,664</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (292,972)	-	\$ 9,429,042	7
Non-controlling interests	<u>(505,556)</u>	<u>(1)</u>	<u>(441,797)</u>	<u>(1)</u>
	<u>\$ (798,528)</u>	<u>(1)</u>	<u>\$ 8,987,245</u>	<u>6</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 29)				
Basic	<u>\$ 0.48</u>		<u>\$ 1.67</u>	

Diluted	<u>\$ 0.47</u>	<u>\$ 1.54</u>
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The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company													Non-Controlling Interests		Total Equity		
				Other Equity														
	Share Capital		Capital Surplus	Legal Reserve	Retained Earnings		Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Asset at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments		Treasury Shares Held by Subsidiaries	Total					
BALANCE AT JANUARY 1, 2021	\$ 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							
Basis adjustment to gain (loss) on hedging instruments	-	-	-	-	-	-	-	-	99,507	-	99,507						99,507	
Appropriation of 2020 earnings																		
Capital surplus used to cover accumulated deficit	-	(350,581)	-	350,581	-	-	-	-	-	-	-	-	-	-	-	-	-	
Issuance of employee share options by subsidiaries	-	540	-	-	-	-	-	-	-	-	-	540		126		666		
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(104,639)	-	-	-	-	-	-	(104,639)		575,753		471,114		
Net profit (loss) for the year ended December 31, 2021	-	-	-	-	9,379,905	-	-	-	-	-	-	9,379,905		(423,241)		8,956,664		
Other comprehensive income (loss) for the year ended December 31, 2021 net of income tax	-	-	-	-	(21,418)	14,173	(76,871)	133,253	-	-	49,137		(18,556)		30,581			
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	9,358,487	14,173	(76,871)	133,253	-	-	9,429,042		(441,797)		8,987,245			
Equity component of convertible bonds issued by the Company	-	188,862	-	-	-	-	-	-	-	-	188,862		-		188,862			
Convertible bonds converted to ordinary shares	5,202,397	1,668,381	-	-	-	-	-	-	-	-	6,870,778		-		6,870,778			
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(124,727)		(124,727)		
BALANCE AT DECEMBER 31, 2021	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)		(5,000,000)	
Changes in capital surplus from dividends to subsidiaries	-	1,725	-	-	-	-	-	-	-	-	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							

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

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,660,760	\$ 11,126,605
Adjustments for:		
Depreciation expense	30,103,942	29,728,248
Amortization expense	223,096	221,459
Expected credit loss recognized on trade receivables	38,474	38,376
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(365)	(186)
Interest income	(639,845)	(156,339)
Dividend income	(12,666)	(12,220)
Share of loss (profit) of associates and joint ventures	74,839	401,421
(Gain) loss on disposal of property, plant and equipment	(30,006)	933,151
Gain on disposal of non-current assets held for sale	(558,477)	-
Loss on disposal of investments	-	540
Impairment loss recognized on property, plant, equipment	1,641	40,967
Loss on inventories and property, plant and equipment	605,466	1,486,792
Net loss (gain) on foreign currency exchange	2,285,096	(1,108,112)
Compensation costs of employee share options	-	666
Finance costs	2,540,792	2,407,442
Impairment loss recognized on investments accounted for using the equity method	-	59,901
Impairment loss recognized on intangible assets	-	143,043
Recognition of provisions	5,209,904	6,435,015
Loss on sale and leaseback transactions	-	342,080
Others	84,435	(3,321)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	36,993	119,424
Notes and accounts receivable	2,391,598	(3,956,141)
Accounts receivable - related parties	68,142	(90,695)
Other receivables	(186,284)	133,762
Inventories	(2,287,180)	(840,170)
Other current assets	(1,018,961)	79,366
Notes and accounts payable	365,095	(127,647)
Accounts payable - related parties	124,409	89,079
Other payables	644,258	6,366,239
Contract liabilities	14,186,269	(825,952)
Provisions	(4,306,337)	(2,042,423)
Other current liabilities	1,044,042	1,371,927
Defined benefit liabilities	(282,784)	15,799

Other liabilities	<u>73,722</u>	<u>2,739</u>
Cash generated from operations	53,440,068	52,380,835
Interest received	635,372	153,976
Dividends received	76,513	24,840
Interest paid	(2,680,263)	(2,389,939)

(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Income tax paid	<u>(4,622,949)</u>	<u>(284,312)</u>
Net cash generated from operating activities	<u>46,848,741</u>	<u>49,885,400</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(6,923,725)	(13,371,713)
Proceeds from sale of financial assets at amortized cost	13,573,488	7,248,501
Purchase of financial assets for hedging	(9,535,604)	(7,126,515)
Proceeds from sale of financial assets for hedging	9,063,037	11,110,497
Proceeds from disposal of non-current assets held for sale	679,951	-
Payments for property, plant and equipment	(2,568,507)	(2,477,191)
Proceeds from disposal of property, plant and equipment	41,219	595,447
Increase in refundable deposits	(347,149)	(102,544)
Decrease in refundable deposits	490,711	136,943
Increase in prepayments for equipment	(24,393,851)	(12,249,495)
Payments for other intangible assets	(151,010)	(203,116)
Increase in restricted assets	(109,994)	(226,905)
Net cash inflow on disposal of subsidiaries	<u>-</u>	<u>942</u>
Net cash used in investing activities	<u>(20,181,434)</u>	<u>(16,665,149)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(1,097,000)	-
Decrease in short-term bill payable	-	(8,088,882)
Proceeds from issuance of bonds payable	-	4,500,000
Repayments of bonds payable	(2,525,200)	(6,300,000)
Proceeds from long-term borrowings	7,634,984	43,968,069
Repayments of long-term borrowings	(23,694,020)	(42,097,170)
Repayments of the principal portion of lease liabilities	(11,870,422)	(10,466,575)
Proceeds from guarantee deposits received	165,176	328,432
Refund of guarantee deposits received	(97,801)	(267,618)
Proceeds from sale and leaseback transactions	-	2,810,098
Proceeds from issuance of ordinary shares of subsidiaries	-	471,114
Dividends paid	(4,998,275)	-
Others	9	-
Cash dividends paid to non-controlling interests	(202,650)	(124,727)
Net cash used in financing activities	<u>(36,685,199)</u>	<u>(15,267,259)</u>

EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(271,505)</u>	<u>190,937</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,289,397)	18,143,929 (Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	2022	2021
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>45,269,866</u>	<u>27,125,937</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 34,980,469</u>	<u>\$ 45,269,866</u>

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

Appendix 2

China Airlines Ltd.

Distribution of 2022 Earnings

Unit: NT\$

Items	Total
Unappropriated retained earnings (beginning balance)	\$ 3,328,463,411
Add: Remeasurement of defined benefit plans	23,111,947
Add: Changes in recognized associates using the equity method	173,302,664
Add: 2022 Net income after tax	<u>2,859,503,172</u>
Subtotal	6,384,381,194
Subtract: 10% Legal Reserve	(305,591,778)
Subtract: special surplus reserve	<u>(534,374,747)</u>
Retained Earnings Available for Distribution as of December 31, 2022	5,544,414,669
Distribution Item:	
Cash Dividends to Common Shareholders (\$0.46099444 per share)	<u>(2,772,207,335)</u>
Unappropriated retained earnings (Ending Balance)	<u>\$2,772,207,334</u>

Note: The 2022 profits will be used first for the annual profit distribution.

Chairman: HSIEH, SU-CHIEN

Manager: KAO, SHING-HWANG

Accounting Supervisor: WANG, WEI