

Stock Code:2610



CHINA AIRLINES

2020 Annual Shareholders' Meeting

Agenda Handbook

Time: June 23, 2020 (Tue.), 9:00 AM

Location: Novotel Taipei Taoyuan International Airport, No.1-1, Hangzhan S. Rd., Dayuan Dist., Taoyuan City 33758, Taiwan

(Summary Translation)

This document is based on the Chinese version and is for reference only. In the event of discrepancies between the English and Chinese versions, the Chinese version shall prevail.

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.

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) Income before income tax	\$ (96,817)	\$ 3,081,249
Adjustments for operating activities:		
Depreciation expenses	32,601,400	19,325,083
Amortization expenses	198,237	191,979
Bad debts expense	24,096	49,824
Net gain on fair value changes of financial assets and liabilities held for trading	(27,580)	(11,168)
Interest income	(417,446)	(330,710)
Dividend income	(21,422)	(9,603)
Share of profit of associates and joint ventures	(332,305)	(367,246)
(Gain) loss on disposal of property, plant and equipment	(32,460)	270,597
Gain on disposal of investments accounted for using the equity method	(7,656)	(450,195)
Loss on disposal of non-current assets held for sale	10,462	368,992
Impairment loss on non-current assets held for sale	-	75,437
Impairment loss recognized on property, plant, equipment	-	50,000
Loss on inventories and property, plant and equipment	572,026	623,022
Net (gain) loss on foreign currency exchange	(59,987)	298,787
Finance costs	3,340,119	1,379,985
Recognition of provisions	4,608,924	3,386,052
Amortization of unrealized on sale - leasebacks	103,775	-
Others	(1,484)	-
Amortization of unrealized gain on sale-leasebacks	-	(13,888)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(278,741)	269,682
Financial liabilities mandatorily classified as at fair value through profit or loss	11,528	(9,359)
Notes and accounts receivable	1,564,298	(1,304,948)
Accounts receivable - related parties	66,538	253,540
Other receivables	(49,138)	(100,400)
Inventories	(118,317)	(288,941)
Other current assets	548,156	15,763
Notes and accounts payable	(14,326)	993,434
Accounts payable - related parties	(224,931)	(97,753)
Other payables	(832,288)	535,211
Contract liabilities	1,847,286	3,256,101
Provisions	(2,799,314)	(3,310,089)
Other current liabilities	202,815	73,958
Accrued pension liabilities	(149,678)	(205,340)
Other liabilities	(5,155)	2,698
Cash generated from operations	40,230,615	28,001,754
Interest received	401,190	301,465
Dividends received	355,311	228,636

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CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Interest paid	\$ (3,124,960)	\$ (1,319,690)
Income tax paid	<u>(335,544)</u>	<u>(185,208)</u>
Net cash generated from operating activities	<u>37,526,612</u>	<u>27,026,957</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of amortized cost financial assets	(2,089,871)	(3,460,496)
Disposal of amortized cost financial assets	3,447,202	1,621,546
Proceeds from disposal of non-current assets held for sale	35,692	688,427
Payments for property, plant and equipment	(3,316,078)	(4,608,600)
Proceeds from disposal of property, plant and equipment	71,194	333,284
Increase in refundable deposits	(440,443)	(265,335)
Decrease in refundable deposits	218,547	391,487
Increase in prepayments for equipment	(15,658,898)	(14,991,412)
Increase in long-term lease receivable	-	(785)
Increase in computer software costs	(172,639)	(184,223)
Decrease in restricted assets	38,636	59,726
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)	(17,413)	-
Acquisition of subsidiaries (Note 30)	<u>-</u>	<u>136,769</u>
Net cash used in investing activities	<u>(16,053,122)</u>	<u>(20,279,612)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for buy-back of ordinary shares	-	(469,393)
Decrease in short-term debts	380,000	(120,000)
Proceeds from issuance of bonds payable	3,500,000	10,512,000
Repayments of bonds payable	(4,445,900)	(2,700,000)
Proceeds from long-term borrowings	9,078,690	18,285,457
Repayments of long-term borrowings and capital lease obligations	(17,819,750)	(28,587,288)
Repayments of the principal portion of lease liabilities	(11,692,310)	-
Proceeds from guarantee deposits received	180,360	126,578
Refunds of guarantee deposits received	(149,198)	(70,204)
Proceeds from sale - leasebacks	4,905,660	-
Dividends paid to owners of the Company	(1,135,672)	(1,193,040)
Cash dividends paid to non-controlling interests	<u>(416,438)</u>	<u>(171,019)</u>
Net cash used in financing activities	<u>(17,614,558)</u>	<u>(4,386,909)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(336,941)</u>	<u>(8,231)</u>

(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 3,521,991	\$ 2,352,205
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>24,937,537</u>	<u>22,585,332</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 28,459,528</u>	<u>\$ 24,937,537</u>

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

(Concluded)

Agenda Item #2 (Proposed by the Board of Directors)

Description: Acknowledgement of the Proposal for 2019 Deficit Compensation.

Details:

1. In accordance with Article 228 of the Company Act.
2. Unappropriated retained earnings at the beginning of 2019 was NT\$0. After subtracting the retained earnings modified by the remeasurement of defined benefit plans, i.e., NT\$449,807,404, and the changes in recognized affiliated enterprises using the equity method, i.e., NT\$127,620,025, the adjusted cumulative deficit was NT\$577,427,429; adding the 2019 net loss after tax of NT\$1,199,797,975, the final deficit was NT\$1,777,225,404.
3. In accordance with Article 239 of the Company Act, the legal reserve of NT\$466,415,667, the special surplus reserve of NT\$12,966,658, and the capital reserve of NT\$1,297,873,079 are used to make up the deficit; the cumulative deficit at the end of the year was NT\$0.
4. Refer to the Appropriation of 2019 Deficit table on page 36 of this handbook.
5. This plan was approved in the 10th convention of the 21th Board of Directors meeting.

Resolution:

China Airlines Ltd.
Appropriation of 2019 Deficit

Unit: NT\$

Items	Total
Unappropriated retained earnings (beginning balance)	\$ 0
Remeasurement of defined benefit plans	(449,807,404)
Change from investments in associates and joint ventures accounted for by using equity method	<u>(127,620,025)</u>
Adjusted accumulated deficit	(577,427,429)
Add:2019 Net loss after tax	(1,199,797,975)
Accumulated deficit before compensation	(1,777,225,404)
Item used to compensate for deficit:	
Legal reserves	466,415,667
special surplus reserve	12,966,658
capital reserve	<u>1,297,843,079</u>
Accumulated deficit (Ending Balance)	\$0

Chairman: HSIEH, SU-CHIEN

Manager: HSIEH, SU-CHIEN

Accounting Supervisor: CHEN, I-CHIEH

Matters for Discussion

Agenda Item #1 (Proposed by the Board of Directors)

Description: Amendment to the “Articles of Incorporation.” To be determined by all parties.

Details:

1. According to Taiwan Stock Exchange Corporation (TWSE) letter Tai-Zheng-Zhi-Li-Zi No. 10800242211 dated January 2, 2020, amendments to a portion of the articles of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers were announced. Therefore, revision of the Company's Articles of Incorporation is needed to comply with the relevant regulations and the Company's practical needs.
2. For the amended and original Articles of Incorporation, please refer to pages 38-40 of this handbook.
3. This item was approved during the 10th session of the 21th Meeting of the Board.

Resolution:

China Airlines Ltd.

Comparison Table: Articles of Incorporation

Revised Provisions	Current Provisions	Revision Notes
<p>Article 16-1:</p> <p>Of the directors of the Company provided in the preceding article, there are <u>no fewer than</u> three independent directors, <u>one</u> of which is an independent director experienced in public welfare.</p> <p>(Paragraph 2 and 3 omitted)</p>	<p>Article 16-1:</p> <p>The directors of the Company provided in the preceding article <u>shall include</u> three independent directors and one shall be an independent director undertaking public welfare.</p> <p>(Paragraph 2 and 3 omitted)</p>	<p>It was amended that the number of independent directors is no less than three to meet the Company's needs and increase flexibility.</p>
<p>Article 25:</p> <p>In the case of a profitable fiscal year, the Company shall set aside no less than 3% to employee compensation. However, in the event of accumulated deficits, the profits shall be reserved in advance to offset the deficits.</p> <p>The above compensation shall be distributed as stock or cash, following a Board of Directors majority approval in which at least two-thirds of board members are present. If passed, the resolution shall be reported during a Shareholders' Meeting.</p> <p>In the case of a profitable fiscal year, the Company shall pay taxes in accordance with the law, make up accumulated deficits, and then allot earnings to the statutory reserve <u>and</u> appropriate for provisions and rotating special reserves <u>in accordance with regulations</u>. If there is still surplus and/or accumulated undistributed earnings, the Board of Directors shall submit an allocation proposal in accordance with the following principles:</p> <p>1. Not less than 50% thereof shall be distributed as dividend and bonus to</p>	<p>Article 25:</p> <p>In the case of a profitable fiscal year, the Company shall set aside no less than 3% to employee compensation. However, in the event of accumulated deficits, the profits shall be reserved in advance to offset the deficits.</p> <p>The above compensation shall be distributed as stock or cash, following a Board of Directors majority approval in which at least two-thirds of board members are present. If passed, the resolution shall be reported during a Shareholders' Meeting.</p> <p>In the case of a profitable fiscal year, the Company shall pay taxes in accordance with the law, make up accumulated deficits, and then allot <u>10%</u> to the statutory surplus reserve. <u>In accordance with regulations, the remaining balance shall then be appropriated for provisions and rotating</u> special reserves. If there is still surplus and/or accumulated undistributed earnings, the Board of Directors shall submit an allocation proposal in accordance with the following principles:</p> <p>1. Not less than 50% thereof shall be distributed as dividend and bonus to shareholders. <u>However, if the distributable balance from the</u></p>	<p>1. considering that "calculated and provided...in accordance with regulations" sufficiently covers the calculation base and provision percentage, adjustments to the wording are considered, and such adjustments do not affect the Company's current calculation and provision method.</p> <p>2. Paragraph 3 in this Article already stipulates "accumulated undistributed</p>

Revised Provisions	Current Provisions	Revision Notes
<p>shareholders.</p> <p><u>2.</u>Distribution of the aforesaid dividend and bonus may be made in the form of shares or cash; provided, however, that the cash dividend shall not be less than 30% of the total dividends.</p> <p><u>With respect to the distribution of earnings in the preceding paragraph,</u> where dividends are distributed as new shares, the proposal shall be submitted to the shareholders' meeting for approval before distribution; where dividends are distributed in cash, the Board of Directors <u>can</u> determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and report to the shareholders' meeting.</p> <p>When the Company does not suffer any loss, it may, with due consideration to financial and/or commercial and/or operational factor(s), appropriate all or a part of the reserve to issue new shares or distribute cash to shareholders in accordance with the laws and decrees, or the regulations of the competent authority. Where dividends are distributed as new shares, the proposal shall be submitted to the shareholders' meeting for approval before distribution; where dividends are distributed in cash, the Board of Directors can determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and report to the shareholders' meeting.</p>	<p><u>current year's pre-tax profit after making the deductions in accordance with the aforesaid computation method is not sufficient, the Company may apply the accumulative unappropriated retained earnings to cover the shortfall.</u></p> <p>2.When the Company does not suffer any loss, it may, with due consideration to financial and/or commercial and/or operational factor(s), appropriate all or a part of the reserve to issue new shares or distribute cash to shareholders in accordance with the laws and decrees or the regulations of the competent authority.</p> <p><u>3.</u>Distribution of the aforesaid dividend and bonus may be made in the form of shares or cash; provided, however, that the cash dividend shall not be less than 30% of the total dividends.</p> <p><u>According to the Company Act,</u> where dividends are distributed as new shares, the proposal shall be submitted to the shareholders' meeting for approval before distribution; where dividends are distributed in cash, the Board of Directors <u>shall be authorized to</u> determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and report to the shareholders' meeting.</p>	<p>earnings," so the rule regarding "applying accumulated undistributed earnings" in Subparagraph 1 was deleted to avoid repetition.</p> <p>3. In Paragraph 3, Subparagraph 2 of this Article, considering that "issuing new shares or cash from the reserve" is an independent matter, it is suggested to list it separately as an independent item to avoid confusion with distribution of earnings. Therefore, this Subparagraph was added as Paragraph 5.</p> <p>4. Adjustments to the wording are considered to increase</p>

Revised Provisions	Current Provisions	Revision Notes
		flexibility in the Company's operations.
<p>Article 26:</p> <p>The present Articles of Incorporation were announced on August 15, 1959, and the <u>seventy third (73rd)</u> amendment was made on <u>June 23, 2020</u>. Matters not prescribed under the Articles of Incorporation shall be governed by and construed in accordance with the provisions of the relevant laws and decrees. second</p>	<p>Article 26:</p> <p>The present Articles of Incorporation were announced on August 15, 1959, and the <u>seventy second (72nd)</u> amendment was made on <u>June 25, 2019</u>. Matters not prescribed under this Articles of Incorporation shall be governed by and construed in accordance with the provisions of the relevant laws and decrees. second</p>	Amended revision date.

Agenda Item #2 (Proposed by the Board of Directors)

Description: Amendment to the “Rules of Procedure for Shareholders' Meetings.” To be determined by all parties.

Details:

1. According to (TWSE) letter Tai-Zheng-Zhi-Li-Zi No. 10800242211 dated January 2, 2020, amendments to part of the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings were announced. The Rules of Procedure for Shareholders Meetings were therefore amended to comply with the relevant regulations and the Company's practical needs.
2. For the amended and original Articles of Incorporation, please refer to pages 42-44 of this handbook.
3. This item was approved during the 10th session of the 21th Meeting of the Board.

Resolution:

China Airlines Ltd.

Comparison Table: Rules of Procedure for Shareholders' Meeting's

Revised Provisions	Current Provisions	Revision Notes
<p>Article 9:</p> <p>In addition to discussions and votes on issues as outlined in the agenda handbook, shareholders in attendance may also raise extraordinary motions as stipulated in the Company Act. After the chair receives approval from other shareholders, the chair shall put the issue up for discussion and a vote.</p> <p>Election or dismissal of directors, amendments to the Articles of Incorporation, <u>reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Article 185, Paragraph 1 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the above notice.</u></p>	<p>Article 9:</p> <p>In addition to discussions and votes on issues as outlined in the agenda handbook, shareholders in attendance may also raise extraordinary motions as stipulated in the Company Act. After the chair receives approval from other shareholders, the chair shall put the issue up for discussion and a vote.</p> <p>Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger, or any matter under Article 185, Paragraph 1 of the Company Act, <u>Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be set out in the notice of the reasons for convening the Shareholders' Meeting. None of the above matters may be raised by an extraordinary motion.</p>	<p>Paragraph 2 of this Article was amended with reference to Article 3 in the Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings and to accord with amendments to Article 172, Paragraph 5 of the Company Act.</p>
<p>Article 10:</p> <p>When an attending shareholder wishes to speak regarding a proposal up for</p>	<p>Article 10:</p> <p>When an attending shareholder wishes to speak regarding a proposal up for</p>	<p>In order to safeguard shareholders'</p>

Revised Provisions	Current Provisions	Revision Notes
<p>discussion, he or she must specify on a speaker's slip the subject of the speech, his/her shareholder account number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. This also applies in the case of extraordinary motions.</p> <p>Shareholders in attendance who have inquiries regarding reports as stipulated in the meeting agenda may not raise such inquiries until after the chairman or the designated person finishes reading or finishes reporting.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	<p>discussion, he or she must specify on a speaker's slip the subject of the speech, his/her shareholder account number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. This also applies in the case of extraordinary motions.</p> <p>After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.</p>	<p>rights and facilitate a more efficient method of communications with shareholders, it is stipulated that shareholders may not speak until after the complete report is read or reported in full. This is to help arrange shareholders' meeting procedures and improve efficiency of those meetings.</p>
<p>Article 15:</p> <p>Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders (if the Articles of Incorporation require a higher standard, then the higher standard shall apply). In the resolution, <u>after the Chairman or delegate thereof announces the total number of voting</u></p>	<p>Article 15:</p> <p>Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders (if the Articles of Incorporation require a higher standard, then the higher standard shall apply). In the resolution, <u>if the chair of the meeting inquires and receives no objection, the motion is deemed</u></p>	<p>To accord with electronic voting on a case-by-case basis, the text "if the chair of the meeting inquires and receives no objection, the motion is deemed passed, with equivalent force as a</p>

Revised Provisions	Current Provisions	Revision Notes
<p><u>rights represented by shareholders in attendance for voting on each issue, shareholders will proceed with voting on a case-by-case basis.</u> When a shareholder is an interested party in relation to an agenda item and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder’s voting rights may not count towards the total, but this does not apply in the selection of directors. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p> <p>(Paragraph 2, 3, and 4 omitted)</p>	<p><u>passed, with equivalent force as a resolution by vote.</u> When a shareholder is an interested party in relation to an agenda item and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder’s voting rights may not count towards the total, but this does not apply in the selection of directors. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.</p> <p>(Paragraph 2, 3, and 4 omitted)</p>	<p>resolution by vote” in the original article was deleted. Revisions to the wording are considered with reference to Article 13, Paragraph 5 of the “XXX Co., Ltd. Rules of Procedure for Shareholders Meetings.”</p>

Agenda Item #3 (Proposed by the Board of Directors)

Description: Proposal to release non-compete restrictions on Director Han-Ming Chen. To be determined by all parties.

Details:

1. According to Article 209 of the Company Act, a board director acting on behalf of himself (herself) or another in matters within the business scope of the Company shall explain the importance of its actions and obtain approval at the shareholders meeting. Without damaging the Company's interests, it is proposed to lift the non-competition restrictions of Chairman Hsieh Shih-Chen's various titles at the following list of companies:

Name and title	Title at each company
China Aviation	Chairman, Tigerair Taiwan Co., Ltd.
Development Foundation	Chairman, Prime Development Co., Ltd.
Representative: CHEN, HAN-MING	Director, Chyn Tay Bearing, Co., Ltd.

2. This item was approved during the 11th session of the 21th Meeting of the Board.

Resolution:

Questions and Motions

Appendices

Appendix 1

CHINA AIRLINES LTD. ARTICLES OF INCORPORATION

The Articles were created on August 15, 1959
Amended and approved by the Shareholders' Meeting, having undergone 70 amendments, on June 26, 2015
Amended and approved by the Shareholders' Meeting, having undergone 71 amendments, on June 24, 2016
Amended and approved by the Shareholders' Meeting, having undergone 72 amendments, on June 25, 2019

Chapter I General Provisions

Article 1

The Company shall be organized in accordance with the provisions of the Company Act relating to companies limited by shares, and shall be named “中華航空股份有限公司”. Its English name shall be “CHINA AIRLINES LTD.”

Article 2

The Company operates the following businesses:

1. G501011 Civil Aviation Transportation
2. G501020 Civil Aviation Agency
3. G502011 Aviation
4. G602011 Airport Ground Services
5. G605011 Sky Catering
6. G801010 Warehousing & Storage
7. F114070 Wholesale of Aircraft and Parts
8. F214070 Retail Sale of Aircraft and Parts
9. I301010 Software Design Services
10. I301020 Data Processing Services
11. I301030 Digital Information Supply Services
12. J201051 Civilian Aviation Personnel Training
13. JA01010 Automotive Repair & Maintenance
14. JA02990 Other Repair Shops
15. ZZ99999 All businesses that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1

The Company may, in accordance with its business requirements, act externally as a guarantor and make re-investment. Where the Company is a limited liability shareholder of another company, the total amount of its re-investment is not subject to the restriction on the re-investment amount as prescribed by Article 13 of the Company Act.

Article 2-2

(Deleted)

Article 3

The Company's head office is located in Taoyuan City (Taiwan, R.O.C.), and branch offices or sales offices may be set up inside or outside of the country when necessary upon a resolution of the Board of Directors.

Article 4

(Deleted)

Chapter II Shares

Article 5

The aggregate capital of the Company shall be Seventy Billion New Taiwan Dollars (NT\$70,000,000,000), divided into Seven Billion (7,000,000,000) common shares at Ten New Taiwan Dollars (NT\$10) per share. The un-issued shares may be issued at several times by the Board of Directors in accordance with the Company's business requirements.

Article 6

Share certificates issued by the Company are not required to be printed. The Company, however, shall register the issued shares with a centralized securities depository enterprise.

With respect to the new shares issued in accordance with the provision of the preceding paragraph, the consolidated printed share certificate shall be placed under the custody of, and the recordation of the issue for shares exempted from printing share certificate shall be made by, the centralized securities custody institution, or the new-issued shares may be consolidated with other already-issued shares into larger-denomination share certificates in accordance with the request of the centralized securities custody institution.

Article 7

(Deleted)

Article 8

The Company's stock matters shall be governed by the relevant regulations of the competent authority.

Article 9

Registration of a share assignment shall not be made within sixty (60) days prior to a convening date of a regular shareholders' meeting, or within thirty (30) days prior to a convening date of a special shareholders' meeting, or within five (5) days prior to the record date fixed by the Company for distribution of dividends, bonuses, or other benefits.

Chapter III Shareholders' Meetings

Article 10

The Company's shareholders' meetings are of two kinds: regular shareholders' meetings and special shareholders' meetings. A regular shareholders' meeting shall be convened once a year within six (6) months after the close of the fiscal year. A special shareholders' meeting shall be convened when necessary in accordance with the relevant laws and decrees.

Article 11

Unless otherwise provided by the Company Act, a resolution of a shareholders' meeting shall be adopted by majority vote of the shareholders present at a meeting, representing a majority of the total number of voting shares.

Article 12

A shareholder of the Company shall be entitled to one vote per share, unless otherwise restricted by laws.

Article 13

If a shareholder is unable to attend a shareholders' meeting for causes, he shall appoint a proxy to attend a shareholders' meeting on his behalf by executing a power of attorney printed by the Company specifying therein the scope of the power authorized to a proxy.

Other than a trust enterprise or a stock agency approved by the competent authority, the voting right represented by a proxy appointed concurrently by two or more shareholders shall not exceed three percent (3%) of the total number of voting shares of all outstanding shares; any voting right in excess thereof shall not be counted.

Unless otherwise provided by the Company Act, the rules for appointing proxies to attend a shareholders' meeting shall be prescribed in accordance with the "Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.

Article 14

Where a shareholders' meeting is convened by the Board of Directors, the meeting shall be presided by the Chairman of the Board of Directors. When the Chairman is on leave or absent, or is unable to exercise his power and authority for causes, he shall designate a director to represent him; where he has not designated a representative, directors shall elect a representative from among themselves to act as the chairman of the meeting. Where a shareholders' meeting is convened by any person with convening power other than the Board of Directors, such person shall be the chairman of the meeting. Where there are two or more persons having convening powers, one shall be elected from among themselves to act as the chairman of the meeting.

Article 15

Resolutions adopted at a shareholders' meeting shall be recorded in meeting minutes signed by or affixed with the seal of the chairman of the meeting, and the meeting minutes shall be kept perpetually throughout the existence of the Company.

The attendance register of shareholders attending the meeting and the proxies shall be safe kept for at least one year. However, in the event a shareholder has initiated litigation in accordance with Article 189 of the Company Act, they shall be safe kept until the conclusion of the litigation.

Chapter IV Directors and Managers

Article 16

The Company shall have eleven to thirteen directors, all of whom shall be elected at a shareholders' meeting from among persons having legal capacity.

Travel expenses and remuneration for the directors shall be prescribed by the Board of Directors in reference to the standards adopted by enterprises in the relevant industry and listed companies.

Article 16-1

The directors of the Company provided in the preceding article shall include three independent directors and one shall be an independent director undertaking public welfare.

The election of the directors of the Company shall be held in accordance with the candidate nomination system. The election of directors shall be held in accordance with the Company Act and other applicable laws and regulations; the independent directors, independent directors undertaking public welfare, and non-independent directors shall be elected at the same time but in separately calculated numbers elect, and candidates to whom the ballots cast represent a prevailing number of votes shall be elected as independent directors, independent directors undertaking public welfare, and non-independent directors.

The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, exercise of power, and other matters for compliance with respect to independent directors shall be governed by and construed in accordance with the Securities and Exchange Act and the provisions of the relevant laws and decrees; those of independent directors undertaking public welfare shall be governed by the Regulations Governing Compliance Matters for Civil Air Transport Enterprise to Appoint Independent Directors Undertaking Public Welfare.

Article 16-2

The audit committee of the Company is organized by all independent directors in accordance with Article 14-4 of the Securities and Exchange Act. Governing powers exercised by the audit committee and its members, and related businesses thereof, shall be governed by and construed in accordance with the Securities and Exchange Act and the provisions of the relevant laws and decrees.

Article 17

The term of office of the directors is three years, and the directors may be eligible for re-election; independent directors undertaking public welfare are only eligible for two re-elections. The total number of shares held by all the directors shall be governed by the provisions of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.

Article 18

The directors shall organize a Board of Directors to exercise the power and authority of the directors, and the Chairman of the Board of Directors shall be elected from among the directors by a majority vote at a meeting attended by at least two-thirds of the directors, and the Chairman shall represent the Company externally.

The Board of Directors shall be authorized to prescribe the remuneration for the Chairman according to the extent of the Chairman's participation in the operation of the Company, in reference to the regulations relating to remuneration for managers of the Company.

Article 19

A board meeting shall be convened by the Chairman; provided, however, that the first board meeting for each term shall be convened by the director who obtains and represents the most votes.

A board meeting shall be presided over by the Chairman of the Board of Directors. When the Chairman is on leave or absent, or is unable to exercise his power and authority for causes, he shall designate a director to represent him; where he has not designated a representative, the directors shall elect a representative from among themselves to represent him.

Article 19-1

If a board meeting is held in the form of a video conference, the directors who participate in the video conference shall be deemed to have attended the meeting in person.

If a director is unable to attend a board meeting for causes, he may issue a proxy specifying therein the purpose for convening the meeting and the scope of authorization to appoint another director to represent him at the meeting; provided, however, that a representative shall accept only one person's appointment.

Article 20

Unless otherwise provided by the Company Act, a resolution of the Board of Directors shall be adopted by a majority vote of the directors present at a board meeting attended by a majority of the directors.

Article 21

(Deleted)

Article 22

The Company shall have one president and several senior vice presidents whose appointment, dismissal and remuneration shall be governed according to Article 29 of the Company Act.

Article 23

The Company may, in accordance with its business requirements, invite several consultants, senior consultants and special consultants, who shall be appointed by the Chairman.

Chapter V Accounting

Article 24

After the close of each fiscal year, the Board of Directors shall prepare the following statements and reports, and submit them to the regular shareholders' meeting for recognition:

1. Operation/Business report.
2. Financial statements.
3. Proposal for distribution of profit or appropriation to cover loss.

Article 25

In the case of a profitable fiscal year, the Company shall set aside no less than 3% to employee compensation. However, in the event of accumulated deficits, the profits shall be reserved in advance to offset the deficits.

The above compensation shall be distributed as stock or cash, following a Board of Directors majority approval in which at least two-thirds of board members are present. If passed, the resolution shall be reported during a Shareholders' Meeting.

In the case of a profitable fiscal year, the Company shall pay taxes in accordance with the law, make up accumulated deficits, and then allot 10% to the statutory surplus reserve. In accordance with regulations, the remaining balance shall then be appropriated for provisions and rotating special reserves. If there is still

surplus and/or accumulated undistributed earnings, the Board of Directors shall submit an allocation proposal in accordance with the following principles:

1. Not less than 50% thereof shall be distributed as dividend and bonus to shareholders. However, if the distributable balance from the current year's pre-tax profit after making the deductions in accordance with the aforesaid computation method is not sufficient, the Company may apply the accumulative retained earnings-unappropriated to cover the shortfall.
2. When the Company does not suffer any loss, it may, with due consideration to financial and/or commercial and/or operational factor(s), appropriate all or a part of the reserve to issue new shares or distribute cash to shareholders in accordance with the laws and decrees, or the regulations of the competent authority.
3. Distribution of the aforesaid dividend and bonus may be made in the form of shares or cash; provided, however, that the cash dividend shall not be less than 30% of the total dividends.

According to the Company Act, where dividends are distributed as new shares, the proposal shall be submitted to the shareholders' meeting for approval before distribution; where dividends are distributed in cash, the Board of Directors shall be authorized to determine such distribution by a resolution adopted by a majority vote at a meeting attended by over two thirds of the Directors and report to the shareholders' meeting.

Chapter VI Supplemental Provisions

Article 26

The present Articles of Incorporation were announced on August 15, 1959, and the seventy second (72nd) amendment was made on June 25, 2019. Matters not prescribed under this Articles of Incorporation shall be governed by and construed in accordance with the provisions of the relevant laws and decrees.

Appendix 2

China Airlines Ltd. Rules of Procedure for Shareholders' Meetings

Formulated and implemented after approval by the 3rd Extraordinary Shareholders' Meeting on December 12, 1991
Amended and approved by the Shareholders' Meeting on June 29, 2010
Amended and approved by the Shareholders' Meeting on June 15, 2012
Amended and approved by the Shareholders' Meeting on June 26, 2015

Article 1

These Rules of Procedure for Shareholders' Meetings have been drawn up in accordance with the Company Act and all other relevant laws and regulations. Any matters not stipulated in these Rules shall be conducted in accordance with the aforementioned laws.

Article 2

The rules of procedure for the Company's Shareholders' Meetings, except as otherwise provided by law, regulations, or the Articles of Incorporation, shall be as provided in these Rules.

Article 3

As stipulated in these Rules, "shareholder" refers to the shareholder himself/herself or a designated representative delegated to attend in his/her stead.

Article 4

A shareholder may appoint a proxy to attend a shareholder meeting by providing the proxy form issued by the Company in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, promulgated by the competent authorities, which clearly states the scope of the proxy's authorization. The shareholder shall deliver the proxy form to the Company at least 5 days before the date of the Shareholders' Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. If a shareholder appoints a proxy, should the proxy not provide the proxy form, the total number of shares and voting rights represented shall be disregarded.

When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company no later than 2 business days prior to the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5

Attendance and voting at Shareholders' Meetings shall be calculated based on numbers of shares. The number of shares in attendance and voting rights shall be calculated according to the shares indicated by the sign-in cards handed in and proxy forms plus the number of shares whose voting rights are exercised by correspondence or electronically.

Article 6

The chair of the Shareholders' Meeting shall be selected in accordance with Article 208, Paragraph 3 of the Company Act and Article 14 of the Company's Articles of Incorporation.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' Meeting in a non-voting capacity.

Article 7

If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors.

After the Shareholders' Meeting agenda is set by the Board of Directors or other party with the power to convene, the agenda shall be distributed to shareholders in attendance or their proxies. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda (including extraordinary motions), except by a resolution of the Shareholders' Meeting.

After the meeting is adjourned, the shareholders may not designate another person as chair and continue the meeting in the original location or at a different location.

Article 8

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements for a combined total of no more than 1 hour are made. If a quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, the situation is to be handled in accordance with Article 175 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolutions made previously for a vote by the Shareholders' Meeting.

Article 9

In addition to discussions and votes on issues as outlined in the agenda handbook, shareholders in attendance may also raise extraordinary motions as stipulated in the Company Act. After the chair receives approval from other shareholders, the chair shall put the issue up for discussion and a vote.

Election or dismissal of directors, amendments to the Articles of Incorporation, the dissolution, merger, or demerger, or any matter under Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the Shareholders' Meeting. None of the above matters may be raised by an extraordinary motion.

Article 10

When an attending shareholder wishes to speak regarding a proposal up for discussion, he or she must specify on a speaker's slip the subject of the speech, his/her shareholder account number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. This

also applies in the case of extraordinary motions.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 11

When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

Article 12

If the speech of any shareholder violates the above Article or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor. The chair shall stop any violations. The chair shall direct the proctors (or security personnel) to help maintain order at the meeting place.

Proctors (or security personnel) assigned to help maintain order at the meeting place shall wear identification cards or armbands bearing the word "Proctor."

Any shareholders who use public address equipment different from that supplied at the premises may be prevented from speaking by the chair.

In the event that a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct proctors or security personnel to escort the shareholder from the meeting.

Article 13

The chair shall announce the end of discussion on a proposed resolution and proceed with voting when he/she feels that the discussion time will affect the smooth proceeding of the meeting or that there has been sufficient discussion and that there is no need for further speeches.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

Article 14

The number of voting rights required to pass a resolution shall be determined as outlined in the Company Act based on the characteristics of said proposal, but if the Company's Articles of Incorporation specify a higher standard, then the Articles of Incorporation shall be followed

Article 15

Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders (if the Articles of Incorporation require a higher standard, then the higher standard shall apply). In the resolution, if the chair of the meeting

inquires and receives no objection, the motion is deemed passed, with equivalent force as a resolution by vote. When a shareholder is an interested party in relation to an agenda item and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder's voting rights may not count towards the total, but this does not apply in the selection of directors. When one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

When a shareholder is an interested party in relation to an agenda item and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder, but selection of a director is not thusly restricted.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, should the voting rights represented by that proxy exceed 3% of the voting rights represented by the total number of issued shares, the voting rights in excess of that percentage shall not be included in the calculation.

Article 16

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. When the chair appoints shareholders from the shareholder meeting to perform a certain task and the appointee is unable to perform said task, the chair shall appoint a different shareholder.

Article 17

When a meeting is in progress, the chair may announce a break at his or her discretion. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. When the chair adjourns the meeting, the meeting is considered concluded.

Article 18

Matters relating to the resolutions of a Shareholders' Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or affixed with a seal by the chair of the meeting and shall be retained for the duration of the existence of the Company.

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio or video recording of the registration procedure, the proceedings of the Shareholders' Meeting, and the voting and vote counting procedures. The recorded audio and/or video materials, sign-in cards, attendance book, and proxy forms shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the aforementioned materials shall be retained until the conclusion of the litigation.

Article 19

These Rules and any amendments hereto shall be implemented after adoption by a Shareholders' Meetings.

Appendix 3

China Airlines, Ltd. Directors' Shareholdings

Base date: April 25, 2020

Title	Name	Date of Appointment	No. of Shares Held Upon Appointment			No. of Shares Currently Held			Remarks
			Type	No. of Shares	Percentage of shares issued	Type	No. of Shares	Percentage of shares issued	
Chairman	China Aviation Development Foundation Representative: HSIEH, SU-CHIEN	June 27, 2018	common stock	1,867,341,935	34.13%	common stock	1,867,341,935	34.45%	
Director	China Aviation Development Foundation Representative: CHEN, CHIH-YUAN								
Director	China Aviation Development Foundation Representative: TING, KWANG-HUNG								
Director	China Aviation Development Foundation Representative: KO, SON-TA								
Director	China Aviation Development Foundation Representative: WEI, YUNG-YEH								
Director	China Aviation Development Foundation Representative: CHEN, HAN-MING								

Title	Name	Date of Appointment	No. of Shares Held Upon Appointment			No. of Shares Currently Held			Remarks
			Type	No. of Shares	Percentage of shares issued	Type	No. of Shares	Percentage of shares issued	
Director	National Development Fund, Executive Yuan Representative: LIN, SU-MING	June 27, 2018	common stock	519,750,519	9.50%	common stock	519,750,519	9.59%	
Director	National Development Fund, Executive Yuan Representative: WANG, SHIH-SZU								
Independent Director	CHUNG, LO-MIN	June 27, 2018	common stock	0	0.00%	common stock	0	0.00%	
Independent Director	CHANG, HSIEN GEN-SEN	June 27, 2018	common stock	0	0.00%	common stock	0	0.00%	
Independent Director	SHEN, HUI-YA	June 27, 2018	common stock	0	0.00%	common stock	0	0.00%	
Total			common stock	2,387,092,454			2,387,092,454		

June 27, 2018 Total shares outstanding: 5,470,984,650 shares

April 25, 2020 Total shares outstanding: 5,420,984,650 shares

Note: All Directors shall hold statutory shares: 120,000,000 shares. As of April 25, 2020: 2,387,092,454 shares held.

The Company has founded an audit committee, hence no statutory shares shall be held by the supervisors. Shares held by Independent Directors are not included in the Directors' shareholding total.