

**CHINA AIRLINES LTD.**  
**ARTICLES OF INCORPORATION**

This Article was created on August 15, 1959  
Amended and approved by the Shareholders' Meeting undergone 69 amendments on June 18, 2014  
Amended and approved by the Shareholders' Meeting undergone 70 amendments on June 26, 2015  
Amended and approved by the Shareholders' Meeting undergone 71 amendments on June 24, 2016

**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 AviationTransport
2. G501020 Civil Aviation Agency
3. G502011 Aviation
4. G602011 Airport Ground Services
5. G605011 Sky Catering
6. G801010 Warehousing & Storage
7. F114070 Aircraft & Parts Wholesaling
8. F214070 Aircraft & Parts Retailing
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 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 and 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**

The share certificates of the Company shall be registered, signed by or affixed with the seals of at least three directors, and issued upon being certified by the competent authority or a certification organization approved by it.

When there is a new issue of shares, the Company may print a consolidated share certificate representing the total number of new shares or be exempted from printing share certificates for the said issue.

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' meeting and special shareholders' meeting. 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 share one vote, 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 as from the 19th term of office of the directors.

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 and other 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 and other 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.

### **Article 16-2**

The audit committee of the Company is organized by all independent directors in accordance with the 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. 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 at a Shareholders' Meeting. Upon approval, the proposal shall then take effect and dividends shall be distributed to all shareholders:

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.

## **Chapter VI Supplemental Provisions**

### **Article 26**

The present Articles of Incorporation were announced on August 15, 1959, and the seventy first (71th) amendment was made on June 24, 2016. 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.