

Stock Code: 2610



## CHINA AIRLINES

# 2024 Annual General Shareholders' Meeting

## Agenda

Time: May 30, 2024 (Thu.), 9:00 A.M.  
Location: Novotel Taipei Taoyuan International Airport, No.1-1, Hangzhan S. Rd.,  
Dayuan Dist., Taoyuan City 33758, Taiwan  
Conveying Method: Physical Meeting

**(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.

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# China Airlines 2024 Annual Shareholders' Meeting Agenda

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

Conveying Method: Physical Meeting

## 1. Presentation of Report to Shareholders and Calling the Meeting to Order

## 2. Chairman's Opening Remarks

## 3. Matters to Report:

- (1) 2023 Business Report
- (2) 2023 Audit Committee's Review Report
- (3) 2023 Employees Compensation Distribution Proposal
- (4) 2023 Cash Dividends Distribution Proposal
- (5) Report on the Lifespan Change of 744F Cargo Aircraft
- (6) 2023 Status Report on the NT\$26.5 billion Unsecured Ordinary Corporate Bonds

## 4. Matters to Acknowledge:

- (1) Acknowledgment of the Company's 2023 Business Report and Financial Statements
- (2) Acknowledgment of the Company's 2023 Surplus Distribution

## 5. Matters for Discussion: Amendment to the Company's "Articles of Incorporation"

## 6. Election Matters: Proposal to Elect the 23rd Term of Directors of the Company

## 7. Other Matters: Proposal to Lift the Restriction of Non-Competition Prohibition Imposed on the 23<sup>rd</sup> Term of Directors of the Company

## 8. Questions and Motions

## 9. Meeting Adjournment

## **Matters to Report**

### **Item 1**

Cause of action: The 2023 Business Report is submitted for review.

Details: Please refer to pages 3-9 of this handbook for the Business Report.

## 2023 Business Report

As we witness the global aviation industry gradually emerging from the shadow of the COVID-19 pandemic in 2023, the international demand and desire for travel progressively recovering acted as a catalyst fueling the momentum of revenue growth. Along with the occurrence, China Airlines also experienced a new high for the year in consolidated revenue, driven by a steady recuperation with increasing passenger flight operations. While cargo activity faced global economic slowdown and weak end-user demand in the first half of 2023, inflationary pressures eased and headed towards a steady regain in consumption across various countries in the second half of the year. Accompanied by the emergence of the industry's supply chain, we welcomed the peak season of traditional air cargo in Q4. Despite ongoing geopolitical turmoil, high oil prices and delivery delays throughout the year, the Company managed to achieve impressive operating performance attributable to the strategy of actively pursuing both passenger and cargo operations.

China Airlines is gradually restoring its flight network in response to the strong revival of the passenger market, and plans to replace aging aircrafts are actively being pursued. After the purchase option for eight Boeing 787 aircrafts is converted into firm orders in 2023, the overall 787 fleet will reach a total of twenty-four aircrafts (including six 787-10, and eighteen 787-9), which are expected to be increasingly introduced from 2025 onwards in order to replace the A330-300 aircrafts. As for the Airbus A321neo which has been introduced since the end of 2021, the fleet has reached ten aircrafts by the end of 2023; and will be replacing the Boeing 737-800s as the main regional aircraft model. Additionally, as of the end of 2023, seven Boeing 777F freighters have been added, thus accelerating the retirement of the 747-400F freighters to maintain an optimal freighter fleet scale. Not only will an increasing proportion of new-generation aircraft enhance passenger experience but will also optimize overall operational efficiency; as it contributes to the reduction of fuel consumption, carbon production, and allows for improved performance and a better cost structure.

With optimism being embraced by the travel market, China Airlines is actively deploying personnel across various fields. In 2023, the Company has completed the recruitment of pilots, cabin crew, airport ground staff, dispatchers, and office staff. With the aim of enhancing employee competencies to support the growth of its flight network and increasing frequencies, professional training programs for each role is provided. Additionally, the airline has successively collaborated with renowned restaurants and establishments such as Le Palais, Toutouan, Yangming Spring, WooTea and Le Ruban Pâtisserie to name a few, for in-flight meals and improving passenger service and flight experiences; continuously showcasing innovation and breakthroughs in its in-flight dining offerings and receiving widespread acclaim. Simultaneously, the concept of sustainable development is embodied by the airline through the promotion of local Taiwanese ingredients in its catering.

China Airlines' sustainable operation achievements in 2023 were recognized with numerous

domestic and international awards, including ranking second in the global aviation industry in the Dow Jones Sustainability Index (DJSI), ten consecutive years of winning the Taiwan Corporate Sustainability Award (TCSA), the Global Corporate Sustainability Award (GCSA) for five consecutive years and being selected for eight consecutive years as both a constituent stock in the emerging markets, as well as in the FTSE4 Good Emerging Index. The most environmentally friendly operational practices in the aviation industry are further displayed by China Airlines as the Company took part in the second SkyTeam Sustainable Flight Challenge.

As we look towards 2024, it is with no doubt that China Airlines will continue its excellence in outstanding management flexibility and agile business strategies, as a means of strengthening its risk management and mechanisms to enhance its cargo and passenger affair capabilities in this ever-changing and challenging operating environment. Simultaneously, we will be making "Continuously Promoting ESG to Create Sustainable Competitive Advantages" the core of our development. Through the integration of corporate operational strategies and implementing sustainable concepts with concrete actions, China Airlines aims to set a benchmark for green operations in the aviation industry.

## **1 Business Plans Implementation Outcomes**

The revenue for 2023 was NT\$ 161.675 billion (reporting currency), an increase of 14.61% over the previous year. The net income after tax was NT\$6.819 billion (an increase of NT\$3.959 billion from the previous year), with the earnings per share after tax at NT\$1.13.

### **1.1 Fleet:**

In 2023, two 777F freighters aircraft were purchased to improve the fleet composition. As of the end of December 2023, the fleet size has reached eighty-four, including sixty-two passenger aircraft and twenty-two cargo aircraft.

### **1.2 Passenger Transport:**

The Company's revenue from passenger transport reached NT\$99.059 billion, an increase of 383.71% over the previous year, which accounts for 61.27% of the total revenue. As of the end of December 2023, China Airlines (including Mandarin Airlines) and its code-sharing flights serviced 172 passenger destinations across twenty-seven countries throughout Asia, Europe, the Americas, and Oceania.

### **1.3 Cargo Transport:**

The Company's revenue from cargo transport reached NT\$56.852 billion, a decrease of 50.93% from the previous year, which accounts for 35.16% of consolidated revenue. As of the end of December 2023, China Airlines' twenty cargo aircraft (including thirteen 747F aircrafts and seven 777F aircrafts) provided service for

thirty-one destinations across fourteen countries throughout Asia, Europe, and the Americas with an average of eighty-nine flights on a weekly basis.

1.4 Other Operating Revenue:

Other operating revenue includes in-flight duty-free sales, totaling at NT\$5.764 billion, an increase of 21.94% over the previous year, which accounts for 3.57% of the total operating revenue.

1.5 Investment Summary and Income:

As of the end of December 2023, the Company has invested in twenty-nine affiliates in various businesses, such as aviation, ground services, warehousing and logistics, aircraft maintenance, tourism and leisure, etc., which contributed to NT\$2.72 billion in profit for the year.

**2 Operating Revenue, Expenses Budgeting and Profitability Analysis**

2.1 Revenue and Expenses:

Operating revenue for 2023 was NT\$161.675 billion, an increase of NT\$20.605 billion over the previous year.

Operating costs and expenses were NT\$155.081 billion, an increase of NT\$19.928 billion over the previous year.

Net profit before tax was NT\$8.055 billion, an increase of NT\$4.166 billion from the previous year.

Net profit after tax was NT\$6.819 billion, an increase of NT\$3.959 billion from the previous year.

2.2 Budget Execution:

The projected revenue was NT\$167.573 billion, with the actual revenue falling at NT\$161.675 billion, an attainment of 96.48%. The projected operating costs and expenses were NT\$158.568 billion, and the actual operating costs and expenses were NT\$155.081 billion, hence achieving a spending rate of 97.80%. The projected losses from non-operating activities were NT\$3.087 billion, and the actual net income from non-operating activities was NT\$1.461 billion. The projected net profit before tax for the whole year was NT\$5.918 billion, and the actual net profit before tax was NT\$8.055 billion.

2.3 Profitability:

Return on assets	3.23%
Return on equity	9.43%

After-tax profit margin	4.22%
After-tax earnings per share	NT\$1.13

### **3 Research and Development Updates**

#### **3.1 New 787-9 Aircraft Planning Operation**

China Airlines aims to continue its enhancement in cabin service quality. In preparation for the delivery of the first 787 new wide-body aircraft in the first half of 2025, the latest cabin seats, next-generation high-definition personal in-flight entertainment systems, and in-flight internet will be adopted. In line with the latest industry trends, high-spec customized cabin equipment will also be implemented.

#### **3.2 New A321neo Fleet Cabin**

China Airlines' A321neo aircrafts, with a total of ten units scheduled by 2023, will have a total of 180 seats across all cabins, featuring a full-flat business class (twelve seats), and a new spacious economy class (168 seats). All A321neo aircrafts will be equipped with the latest generation of in-flight entertainment systems; boasting industry-leading 4K personal TV screens and Bluetooth headphone support, allowing passengers to enjoy multimedia content using their own Bluetooth headphones. The fleet will also be equipped with high-speed internet, enabling passengers to enjoy the pleasure of internet roaming during their journey.

The cabin equipment showcases the product's competitive advantage and reinforces brand differentiation, aiming to establish a deep connection and resonance with passengers.

#### **3.3 737-800 Regional Aircraft In-flight Entertainment System Upgrade**

The Company has introduced the 737-800 Wireless Entertainment System since 2020, allowing passengers to enjoy in-flight entertainment services using their personal phones or smart mobile devices. This enhances the cabin service quality and reduces the need for passengers to be in physical contact with cabin equipment. The system platform was officially launched in Q2 of 2022.

#### **3.4 Implementation of Customer Relationship Management (CRM)**

Data analysis has become an important discipline for business operations in recent years. Understanding customer behavior through data has become a crucial task. As a result, China Airlines established a project team in April 2021, responsible for planning the medium and long-term CRM blueprint. In response to industry

developments and evaluating the application of new technologies, the Salesforce system was introduced. For the purposes of maintaining member relationships, increasing revenue opportunities, and service reminders, an integrations of customer pre-sales, mid-sales, and post-sales marketing, business, or service behavior records into a single platform to effectively manage relevant data was implemented. The Company consolidated customer-related database data and subsequently developed automated communication functions for travelers, analyzed traveler behavior patterns, provided precision marketing, and effectively improved operational efficiency.

### 3.5 The Optimization of Passenger Digital Experience through Enhancement of China Airline's Website and Mobile Application.

1. In order to provide passengers with a further upgraded digital platform experience, the booking process is improved along with recommendations of travel destination for passengers, allowing for a more convenient method for changing passenger itineraries, and finding travel companions via mobile devices, etc.
2. The simplification of website structure and system functionality enhancement allows for travelers to complete all their travel-related services through the China Airlines website or mobile application. Booking and purchasing of tickets is proven smoother and more efficient, with a more convenient management of itineraries.
3. The introduction of a real-time fare feature is applied on China Airline's website, allowing travelers to easily find the lowest fares and providing dynamic fare references.
4. An advanced transaction risk control system is introduced to protect consumer personal information and transaction security.
5. Through the integration of social media functions, users may easily share flight information, comments and experiences, allowing for China Airlines to be an ideal companion during passengers' journeys.

### 3.6 Digital Diversification of Service for Members

In order to provide members with diverse mileage redemption services, new cabin upgrade and travel award ticket redemption standards will be implemented

starting from 2023. The following online measures will be gradually introduced:1. Adding the function for Phoenix Mileage members to authorize the transfer of travel awards online, allowing members to manage the list of transferees and perform real-time travel award transfers.2.Allowing Phoenix Mileage members to issue travel award tickets directly on the China Airlines website, without the need to call the Company's service center.

3. Adding the "Cabin Upgrade/Travel Award Ticket Availability Search" function, allowing Phoenix Mileage members to utilize the "Chatbot Service" to search for available flights that meets their requirements, and then proceed to the Phoenix Mileage member area to book cabin upgrades or issue travel award tickets.

Furthermore, to enhance members interaction, every 16th of the month has been designated as the China Airlines' Members' Day starting from September 2023. On the occasion, in addition to offering ticket discounts on the China Airlines official website, limited-time activities will be jointly launched with partner companies, and social media posts will be used to create a buzz around these activities.

Additionally, to improve the quality of member services, a new member system project has been initiated to optimize user experience and increase the flexibility of using mileage as a currency. In order to promote sustainable ESG concepts, a green sustainable membership program is also being planned.

The main focus of the Company's information development strategy for 2023 is "Diversified Applications Enabling Innovation" and "Strengthening Cyber Security in the Face of Change". In response to the rapidly changing era of information technology, China Airlines intends to uphold the spirit of actively grasping development trends and urgently seek to introduce applications into the Company's operations and services. In addition to continuously enhancing the competitiveness with innovative technologies, cybersecurity is fundamental to the Company's development of modern business operations. As we face the ever-changing cyber threats, the company places an emphasis on cybersecurity awareness of all employees and strengthens their cybersecurity skills and resilience persistently to solidify the cyber defense system. Related information technology applications and deployments include "Generative AI applications, business intelligence decision analysis, robotic

process automation, biometrics, mobile self-service, information security, cloud management, and telecommunications infrastructure construction.

IATA estimates that the net profit margin of the aviation industry in 2023 will reach 2.7%, a slight improvement over 2022. Both passenger and cargo transport will return to a relatively normal growth level. However, after the turmoil of the pandemic, airlines are still being confronted with a challenging operating environment and intense competition. Additionally, the risk management and operational resilience of airlines' fleet capabilities are being further challenged with the delays in the aerospace industry supply chain. In the new year, China Airlines will continue to actively respond to various challenges and take corresponding measures, the improvement of corporate governance will persist in being a priority and demonstrating our determination to implement sustainable corporate development.

Chairman: HSIEH, SU-CHIEN

President: KAO, SHING-HWANG

Accounting Supervisor: YEN, YANG

## **Item 2**

Cause of action: The 2023 Audit Committee's Review Report is submitted for review.

Details: Please refer to page 11 of this handbook for the Audit Committee's Review Report.

## **Audit Committee's Review Report**

The Board of Directors shall create and send (1) the 2023 consolidated financial statement and the individual financial statement that has been jointly audited by Deloitte CPAs Kuan-Hao Lee and Shih-Ran Cheng who released an official unqualified opinion by March 8, 2024, and (2) the 2023 Business Report and Deficit Compensation Statement, after having been found to have no discrepancies by this audit committee and, thereupon, issued a report in accordance with the items stipulated in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

**China Airlines**

Convener of the Audit Committee: HUANG, HSIEH HSING

April 18, 2024

### **Item 3**

Cause of action: The 2023 Employee Compensation Distribution Proposal is submitted for review.

Details:

1. In accordance with Article 25 of the Company's Articles of Incorporation, in the case of a profitable fiscal year, the Company is to allocate no less than 3% as employee compensation.
2. For 2023, the Company paid NT\$0.249 billion in cash compensation to its employees.
3. This item was approved during the 14th Session of the 22nd Board Meeting.

## Item 4

Cause of action: The 2023 Cash Dividends Distribution Proposal is submitted for review.

Details:

1. The Company distributed a cash dividend of NT\$4,176,580,273 (NT\$0.690,168,08 per share) to shareholders in 2023.
2. The cash dividend for individual shareholders is rounded down to the nearest NT Dollar, with the decimal places removed. The total rounded-off amounts are accounted for as other income in the Company's financial statements.
3. If the number of outstanding shares is subsequently affected by the repurchase of the Company's shares, the transfer or cancellation of treasury stock, or any other factors that may affect the dividend distribution ratio, it is proposed the Chairman be authorized to adjust the allocation at his discretion.
4. The Chairman is authorized to set the ex-dividend date.
5. This item was approved during the 6th Extraordinary Session of the 22nd Board Meeting.

## Item 5

Cause of Action: The report on the Lifespan Change of 744F Cargo Aircraft Is submitted for review.

Details:

1. Considering the performance of the eight B747-400F overall freighters and fleet planning, China Airlines is proposing to make adjustments to its estimates for the service life of the freighters.
2. In accordance with Article 6 of “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, China Airlines requested that the CPA (Deloitte) issue a review opinion on the reasonableness of the nature of the changes without material irregularity.
3. From May 1, 2024, China Airlines changed the estimated service life of eight B747-400F freighters planes from twenty-four years to twenty-two years.
4. This accounting adjustment in the estimation of service life will increase depreciation costs for 2024 by NT\$679 million.
5. This item was approved during the 14th Session of the 22nd Board Meeting.

**Item 6**

Cause of action: The 2023 Status Report on the NT \$26.5 billion Unsecured Ordinary Corporate Bonds is submitted for review.

Details:

1. In accordance with Article 246 of the Articles of the Company Act, a company may, by a resolution adopted by the Board of Directors, invite subscription for corporate bonds, provided that the reasons for the said action as well as other relevant matters shall be reported to the meeting of shareholders.
2. In order to meet the needs of operational development and loan repayment, as well as to stabilize future medium and long-term financing costs, the Company resolved to issue domestic unsecured ordinary corporate bonds in an amount not exceeding NT\$80 billion through multiple issuances at the 9th Session of the 22nd Board Meeting.
3. The raising of the NT \$2.65 billion Unsecured Ordinary Corporate Bonds for the year 2023 was completed, with the status shown in the attached table below.

Item	Issue for 2023
Date of issue	May 22nd, 2023
Total issue amount	NT \$2.65 billion
Issuing price	At par amount
Issuing Period	5 years
Coupon rate	Fixed rate annual interest 1.90%
Capital repayment method	Each 50% of the principal will be repaid respectively in the 4th and 5th year
The execution of funding utilization plan	Completed in 2023 Q3

4. This item was approved during the 14th Session of the 22nd Board Meeting.

## **Matters for Acknowledgement**

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

Cause of action: Acknowledgement of 2023 Business Report and Financial Statements.

Details:

1. The Company's 2023 annual financial statements (including Balance Sheet, Comprehensive Income Statement, and Changes in Equity and Cash Flow Statement) have been jointly audited by Deloitte CPAs Kuan-Hao Lee and Shiu-Ran Cheng and were approved and documented during the 14th Session of the 22nd Board Meeting.
2. For the 2023 Annual Business Report, please refer to pages 3-9 of this handbook, for the CPA Audit Report and the financial statements referred to above, please see pages 17-37 of this handbook.

Resolution:

## **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, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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, 2023. 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:

#### Passenger Revenue Recognition

In accordance with IFRS 15 "Revenue from Contracts with Customers", passenger sales are accounted for as contract liabilities before relevant transportation services are provided. After providing the related services, contract liabilities are reclassified to passenger revenue. For the year ended December 31, 2023, passenger revenue was NT\$99,058,956 thousand. Refer to Notes 4 and 25 to the accompanying financial statements for related detailed information.

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

The main audit procedures that we performed included the following:

1. We understood and tested the internal control related to the process of revenue from passenger, including manual and automatic control.
2. We understood and tested the effectiveness of the information system related to the recognition of passenger revenue.
3. We sampled several flight tickets, which were flown and recognized as revenue, to verify whether the boarding date matched the date recorded on the tickets, from advanced sales tickets, ensuring the occurrence of revenue recognition.

#### **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, 2023 and 2022, the aforementioned investments accounted for using the equity method amounted to NT\$3,179,818 thousand and NT\$725,747 thousand, representing 1.20% and 0.27% of the total assets, respectively. For the years ended December 31, 2023 and 2022, 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\$1,399,769 thousand and NT\$(2,230,169) thousand, representing 23.14% and 761.22% 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 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao Lee and Shiu-Ran Cheng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 8, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 20,385,668	8	\$ 27,492,827	10
Financial assets at amortized cost - current (Notes 4, 8 and 29)	3,086,923	1	4,764,601	2
Financial assets for hedging - current (Notes 4, 6 and 29)	10,353,943	4	4,031,662	2
Notes and accounts receivable, net (Notes 4, 9 and 29)	9,023,469	3	10,529,664	4
Notes and accounts receivable - related parties (Notes 29 and 30)	172,826	-	130,678	-
Finance lease receivables - current (Notes 4, 19 and 29)	265,955	-	-	-
Other receivables (Notes 4 and 29)	567,882	-	709,962	-
Inventories (Notes 4 and 10)	10,476,961	4	10,568,039	4
Non-current assets held for sale (Notes 4, 5 and 11)	1,290,581	1	-	-
Other current assets (Note 16)	964,572	-	1,308,812	-
Total current assets	<u>56,588,780</u>	<u>21</u>	<u>59,536,245</u>	<u>22</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 7 and 29)	60,425	-	64,028	-
Investments accounted for using the equity method (Notes 4 and 12)	12,901,558	5	9,950,532	4
Property, plant and equipment (Notes 4, 5, 13 and 31)	110,932,284	42	114,770,352	43
Right-of-use assets (Notes 4 and 19)	45,569,832	17	52,637,480	20
Investment properties (Notes 4 and 14)	2,047,448	1	2,047,448	1
Other intangible assets (Notes 4 and 15)	584,756	-	654,596	-
Deferred tax assets (Notes 4 and 26)	6,204,550	3	6,055,811	2
Finance lease receivables - non-current (Notes 4, 19 and 29)	187,901	-	-	-
Other non-current assets (Notes 16, 19, 29 and 31)	29,888,872	11	22,375,706	8
Total non-current assets	<u>208,377,626</u>	<u>79</u>	<u>208,555,953</u>	<u>78</u>
TOTAL	<u>\$ 264,966,406</u>	<u>100</u>	<u>\$ 268,092,198</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Financial liabilities for hedging - current (Notes 4, 19 and 29)	\$ 8,886,485	3	\$ 9,983,761	4
Notes and accounts payable (Note 29)	1,049,762	-	1,109,292	-
Accounts payable - related parties (Note 30)	1,297,950	-	730,428	-
Other payables (Notes 20 and 25)	14,977,536	6	13,265,783	5
Current tax liabilities	212,883	-	359,261	-
Lease liabilities - current (Notes 4, 19 and 29)	1,351,737	-	1,185,177	1
Contract liabilities current (Notes 4 and 21)	23,107,378	9	15,257,687	6
Provisions - current (Notes 4 and 22)	2,591,751	1	3,490,653	1
Current portion of bonds payable and put option of convertible bonds (Notes 4, 18, 24 and 29)	4,723,814	2	2,350,000	1
Current portion of long-term borrowings (Notes 17, 29 and 31)	17,297,086	7	11,733,508	4
Other current liabilities	4,175,581	2	2,815,333	1
Total current liabilities	<u>79,671,963</u>	<u>30</u>	<u>62,280,883</u>	<u>23</u>
<b>NON-CURRENT LIABILITIES</b>				
Financial liabilities for hedging - non-current (Notes 4, 19 and 29)	26,099,758	10	32,190,102	12
Bonds payable - non-current (Notes 4, 18, 24 and 29)	4,925,000	2	7,649,674	3
Long-term borrowings (Notes 17, 29 and 31)	40,455,119	16	56,751,142	21
Contract liabilities - non-current (Notes 4 and 21)	2,964,299	1	1,280,906	1
Provisions - non-current (Notes 4 and 22)	16,292,125	6	16,927,949	6
Deferred tax liabilities (Notes 4 and 26)	35,285	-	8,259	-
Lease liabilities - non-current (Notes 4, 19 and 29)	10,789,864	4	10,428,091	4
Net defined benefit liabilities - non-current (Notes 4, 5 and 23)	8,604,132	3	8,348,163	3
Other non-current liabilities	537,746	-	2,226,828	1
Total non-current liabilities	<u>110,703,328</u>	<u>42</u>	<u>135,811,114</u>	<u>51</u>
Total liabilities	<u>190,375,291</u>	<u>72</u>	<u>198,091,997</u>	<u>74</u>
<b>EQUITY (Notes 18 and 24)</b>				
Share capital	60,513,407	23	60,135,374	22
Capital surplus	3,887,046	1	3,120,311	1
Retained earnings				
Legal reserve	1,230,977	1	925,385	-
Special reserve	534,375	-	-	-
Unappropriated retained earnings	9,146,199	3	6,384,381	3
Total retained earnings	10,911,551	4	7,309,766	3
Other equity	(690,014)	-	(534,375)	-
Treasury shares	(30,875)	-	(30,875)	-
Total equity	<u>74,591,115</u>	<u>28</u>	<u>70,000,201</u>	<u>26</u>
TOTAL	<u>\$ 264,966,406</u>	<u>100</u>	<u>\$ 268,092,198</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 30)	\$ 161,675,533	100	\$ 141,069,849	100
OPERATING COSTS (Notes 4, 10, 25 and 30)	<u>144,040,004</u>	<u>89</u>	<u>128,089,348</u>	<u>91</u>
GROSS PROFIT	17,635,529	11	12,980,501	9
OPERATING EXPENSES (Notes 4, 25 and 30)	<u>11,041,166</u>	<u>7</u>	<u>7,063,461</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>6,594,363</u>	<u>4</u>	<u>5,917,040</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	1,872,180	1	1,307,531	1
Other gains and losses (Notes 11, 12, 13 and 25)	(888,612)	(1)	1,824,894	1
Finance costs (Notes 25 and 29)	(2,242,776)	(1)	(2,220,960)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures (Note 12)	<u>2,720,299</u>	<u>2</u>	<u>(2,939,603)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>1,461,091</u>	<u>1</u>	<u>(2,028,138)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	8,055,454	5	3,888,902	3
INCOME TAX EXPENSE (Notes 4 and 26)	<u>1,236,902</u>	<u>1</u>	<u>1,029,399</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>6,818,552</u>	<u>4</u>	<u>2,859,503</u>	<u>2</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)	(354,851)	-	(144,906)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 24)	(3,603)	-	8,570	-
Remeasurement of defined benefit plans (Notes 4 and 23)	(322,908)	-	28,890	-
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (Notes 4 and 24)	(200,784)	-	219,689	-

(Continued)

## CHINA AIRLINES, LTD.

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

	2023		2022	
	Amount	%	Amount	%
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 26)	64,543	-	(67,750)	-
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)	(7,093)	-	141,415	-
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (Notes 4 and 24)	(4,555)	-	2,814	-
Gain (loss) on hedging instruments not subject to basis adjustment (Notes 4, 24 and 29)	73,486	-	(4,141,144)	(3)
Income tax related to items that may be reclassified subsequently to profit or loss (Note 26)	<u>(13,278)</u>	<u>-</u>	<u>799,947</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(769,043)</u>	<u>-</u>	<u>(3,152,475)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 6,049,509</u>	<u>4</u>	<u>\$ (292,972)</u>	<u>-</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
Basic	<u>\$ 1.13</u>		<u>\$ 0.48</u>	
Diluted	<u>\$ 1.11</u>		<u>\$ 0.47</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, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Gain (Loss) on Hedging Instruments	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2022	\$ 59,412,243	\$ 2,694,529	\$ -	\$ -	\$ 9,253,848	\$ (120,079)	\$ (5,512)	\$ 2,839,419	\$ (30,875)	\$ 74,043,573
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
Basis adjustment to gain (loss) on hedging instruments	-	-	-	-	-	-	-	168,844	-	168,844
Appropriation of 2022 earnings										
Legal reserve	-	-	305,592	-	(305,592)	-	-	-	-	-
Special reserve	-	-	-	534,375	(534,375)	-	-	-	-	-
Cash dividends - \$0.4602191 per share	-	-	-	-	(2,772,207)	-	-	-	-	(2,772,207)
Changes in capital surplus from dividends distributed to subsidiaries	-	955	-	-	-	-	-	-	-	955
Changes in percentage of ownership interests in subsidiaries	-	452,110	-	-	-	-	-	-	-	452,110
Issuance of employee share options by the subsidiaries	-	24,055	-	-	-	-	-	-	-	24,055
Net profit for the year ended December 31, 2023	-	-	-	-	6,818,552	-	-	-	-	6,818,552
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(444,560)	(8,667)	(18,192)	(297,624)	-	(769,043)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	6,373,992	(8,667)	(18,192)	(297,624)	-	6,049,509
Convertible bonds converted to ordinary shares	378,033	289,615	-	-	-	-	-	-	-	667,648
BALANCE AT DECEMBER 31, 2023	\$ 60,513,407	\$ 3,887,046	\$ 1,230,977	\$ 534,375	\$ 9,146,199	\$ (12,965)	\$ 22,726	\$ (699,775)	\$ (30,875)	\$ 74,591,115

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

# CHINA AIRLINES, LTD.

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

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 8,055,454	\$ 3,888,902
Adjustments for:		
Depreciation expense	27,060,561	26,756,562
Amortization expense	181,471	181,662
Expected credit loss recognized on trade receivables	-	38,474
Interest income	(1,570,722)	(566,465)
Dividend income	(14,713)	(11,723)
Share of (profit) loss of subsidiaries, associates and joint ventures	(2,720,299)	2,939,603
Gain on disposal of property, plant and equipment	(499,881)	(19,911)
Loss (gain) on disposal of non-current assets held for sale	2,364	(558,477)
Impairment loss recognized on flight equipment	1,901,450	1,641
Loss on inventory and property, plant and equipment	2,935,395	675,274
Net loss on foreign currency exchange	165,071	1,580,216
Finance costs	2,242,776	2,220,960
Recognition of provisions	5,802,208	4,958,429
Others	167,647	84,406
Changes in operating assets and liabilities		
Notes and accounts receivable	1,368,112	2,515,841
Accounts receivable - related parties	(42,148)	(76,204)
Other receivables	197,567	(168,077)
Inventories	(2,289,037)	(2,504,030)
Other current assets	330,904	(913,115)
Notes and accounts payable	(60,142)	209,251
Accounts payable - related parties	567,522	(3,409)
Other payables	4,099,997	692,575
Contract liabilities	9,533,084	12,486,227
Provisions	(7,260,306)	(3,690,602)
Other current liabilities	1,281,209	660,685
Defined benefit liabilities	(66,939)	17,864
Other liabilities	(1,335,573)	72,384
Cash generated from operations	50,033,032	51,468,943
Interest received	1,500,007	564,084
Dividends received	378,493	317,263
Interest paid	(2,565,292)	(2,361,441)
Income tax paid	(1,453,729)	(4,402,059)
Net cash generated from operating activities	<u>47,892,511</u>	<u>45,586,790</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(17,155,191)	(4,793,951)
Proceeds from sale of financial assets at amortized cost	18,700,767	11,923,194
Purchase of financial assets for hedging	(16,276,122)	(9,535,604)
Proceeds from sale of financial assets for hedging	9,497,256	9,063,037

(Continued)

**CHINA AIRLINES, LTD.****STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	2023	2022
Acquisition of investments accounted for using the equity method	(599,821)	-
Net cash inflow on disposal of investments accounted for using the equity method	2,523	-
Proceeds from capital reduction of subsidiaries	270,000	-
Proceeds from disposal of non-current assets held for sale	1,077,006	679,951
Payments for property, plant and equipment	(1,643,552)	(2,269,028)
Proceeds from disposal of property, plant and equipment	2,437,633	25,141
Increase in refundable deposits	(188,607)	(323,121)
Decrease in refundable deposits	198,035	472,380
Increase in finance lease receivables	(786,163)	-
Decrease in finance lease receivables	336,001	-
Increase in prepayments for equipment	(25,849,974)	(24,361,989)
Payments for other intangible assets	(131,597)	(70,281)
Decrease (increase) in restricted assets	<u>14,159</u>	<u>(28,902)</u>
Net cash used in investing activities	<u>(30,097,647)</u>	<u>(19,219,173)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of bonds payable	2,650,000	-
Repayments of bonds payable	(2,350,000)	(2,525,200)
Proceeds from long-term borrowings	12,000,000	4,231,761
Repayments of long-term borrowings	(22,732,445)	(20,902,756)
Repayments of the principal portion of lease liabilities	(11,622,941)	(10,194,631)
Proceeds of guarantee deposits received	127,095	58,477
Refund of guarantee deposits received	(293,205)	(61,488)
Dividends paid	<u>(2,772,207)</u>	<u>(5,000,000)</u>
Net cash used in financing activities	<u>(24,993,703)</u>	<u>(34,393,837)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>91,680</u>	<u>(394,070)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(7,107,159)	(8,420,290)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>27,492,827</u>	<u>35,913,117</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 20,385,668</u>	<u>\$ 27,492,827</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, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated 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:

## Passenger Revenue Recognition

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

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

The main audit procedures that we performed included the following:

1. We understood and tested the internal controls related to the process of revenue from passenger, including manual and automatic controls.
2. We understood and tested the effectiveness of the information system related to the recognition of passenger revenue.
3. We sampled several flight tickets, which were flown and recognized as revenue, to verify whether the boarding date matched the date recorded on the tickets, from advanced sales tickets, ensuring the occurrence of revenue recognition.

## **Other Matter**

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

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

We have also audited the parent company only financial statements of China Airlines, Ltd. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory

Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Kuan-Hao Lee and Shiuh-Ran Cheng.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 8, 2024

Notice to Readers

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

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

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

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

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, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

	2023		2022	
	Amount	%	Amount	%
	<u>(947,872)</u>	<u>-</u>	<u>150,180</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)	(12,572)	-	147,595	-
Gain (loss) on hedging instruments not subject to basis adjustment (Notes 4, 26 and 31)	70,964	-	(4,140,897)	(3)
Income tax related to items that may be reclassified subsequently to profit or loss (Note 28)	<u>(13,480)</u>	<u>-</u>	<u>799,193</u>	<u>1</u>
	<u>44,912</u>	<u>-</u>	<u>(3,194,109)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(902,960)</u>	<u>-</u>	<u>(3,043,929)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 6,568,241</u>	<u>4</u>	<u>\$ (798,528)</u>	<u>(1)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,818,552	4	\$ 2,859,503	2
Non-controlling interests	<u>652,649</u>	<u>-</u>	<u>(614,102)</u>	<u>(1)</u>
	<u>\$ 7,471,201</u>	<u>4</u>	<u>\$ 2,245,401</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,049,509	3	\$ (292,972)	-
Non-controlling interests	<u>518,732</u>	<u>1</u>	<u>(505,556)</u>	<u>(1)</u>
	<u>\$ 6,568,241</u>	<u>4</u>	<u>\$ (798,528)</u>	<u>(1)</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 29)				
Basic	<u>\$ 1.13</u>		<u>\$ 0.48</u>	
Diluted	<u>\$ 1.11</u>		<u>\$ 0.47</u>	

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

(Concluded)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

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

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

## CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

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

(Continued)

## CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(19,043,551)	(6,923,725)
Proceeds from sale of financial assets at amortized cost	21,083,676	13,573,488
Purchase of financial assets for hedging	(16,276,122)	(9,535,604)
Proceeds from sale of financial assets for hedging	9,497,256	9,063,037
Net cash generated from disposal of investments accounted for using equity method	2,523	-
Proceeds from disposal of non-current assets held for sale	1,077,006	679,951
Payments for property, plant and equipment	(1,997,578)	(2,568,507)
Proceeds from disposal of property, plant and equipment	2,495,160	41,219
Increase in refundable deposits	(199,825)	(347,149)
Decrease in refundable deposits	306,618	490,711
Increase in finance lease receivable	(786,163)	-
Decrease in finance lease receivable	336,001	-
Increase in prepayments for equipment	(27,187,511)	(24,393,851)
Payments for other intangible assets	(167,860)	(151,010)
Decrease (increase) in restricted assets	<u>199,899</u>	<u>(109,994)</u>
Net cash used in investing activities	<u>(30,660,471)</u>	<u>(20,181,434)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(800,000)	(1,097,000)
Increase in short-term bill payable	20,000	-
Proceeds from issuance of bonds payable	2,650,000	-
Repayments of bonds payable	(2,350,000)	(2,525,200)
Proceeds from long-term borrowings	14,483,108	7,634,984
Repayments of long-term borrowings	(27,670,317)	(23,694,020)
Repayments of the principal portion of lease liabilities	(13,595,372)	(11,870,422)
Proceeds from guarantee deposits received	175,552	165,176
Refund of guarantee deposits received	(317,618)	(97,801)
Proceeds from issuance of ordinary shares of subsidiaries to non-controlling interests	821,464	-
Dividends paid	(2,771,252)	(4,998,275)
Dividends paid to non-controlling interests	(253,800)	(202,650)
Capital returned to non-controlling interests by subsidiaries on capital reduction	(205,000)	-
Others	<u>-</u>	<u>9</u>
Net cash used in financing activities	<u>(29,813,235)</u>	<u>(36,685,199)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>39,200</u>	<u>(271,505)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,588,905)	(10,289,397)

(Continued)

## CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

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	2023	2022
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>34,980,469</u>	<u>45,269,866</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 30,391,564</u>	<u>\$ 34,980,469</u>

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

(Concluded)

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

Cause of action: Acknowledgement of profits distribution proposal for 2023.

Details:

1. In accordance with Article 228 of the Company Act and Article 25 of the Company's Articles of Incorporation.
2. Unappropriated retained earnings were NT\$2,772,207,334 (reporting currency). The 2023 net income after was \$6,818,551,227; the remeasurement of the defined-benefit plan was \$258,326,668; the change in associates recognized using the equity method was \$186,232,969; and by recognizing 10% as a legal reserve for \$637,399,159 and special reserve for \$155,639,220, the total distributable profits were \$8,353,160,545, of which cash dividends of \$4,176,580,273 were proposed to be distributed, a cash dividend of NT\$0.69016808 per share will be distributed. In the event the number of shares changes to affect the total number of shares outstanding, which affects the dividend yield to shareholders and requires adjustment, the Chairman is authorized to make the necessary adjustments. 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 the Distribution of 2023 surplus earnings table on page 39 of this handbook.
4. This item was approved at the 6th Extraordinary Session of the 22nd Board 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:

China Airlines Ltd.  
Distribution of 2023 Earnings

Unit: NT\$

Items	Total
Unappropriated retained earnings (beginning balance)	\$ 2,772,207,334
Less: Remeasurement of defined benefit plans	(258,326,668)
Less: Changes in recognized associates using the equity method	(186,232,969)
Add: 2023 Net income after tax	<u>6,818,551,227</u>
Subtotal	9,146,198,924
Subtract: 10% Legal Reserve	(637,399,159)
Subtract: special surplus reserve	<u>(155,639,220)</u>
Retained Earnings Available for Distribution as of December 31, 2023	8,353,160,545
Distribution Item:	
Cash Dividends to Common Shareholders (\$0.69016808 per share)	(4,176,580,273)
Unappropriated retained earnings (Ending Balance)	<u>\$4,176,580,272</u>

Note: The 2023 profits will be utilized first for the Company's annual profit distribution.

Chairman: HSIEH, SU-CHIEN

Manager: KAO, SHING-HWANG

Accounting Supervisor: YEN, YANG

## Matters for Discussion

### (Proposed by the Board of Directors)

Cause of action: Amendments to the Company's "Articles of Incorporation." To be determined by all parties.

Details:

1. In response to the Taiwan Stock Exchange Corporation's revision of the "Directions for the Establishment and Exercise of Powers by the Board of Directors of TWSE Listed Companies", the provisions regarding gender of directors, number of directors and independent directors, and term of independent directors in the "Company Charter" have been amended accordingly.
2. To coordinate with future operational development plans and to take into account shareholders' equity, the dividend policy of the "Articles of Incorporation has been revised.
3. For the amended and original Articles of Incorporation, please refer to pages 41-45 of this handbook.
4. This item was approved at the 6th Extraordinary Session of the 22nd Board Meeting and the 13th Session of the 22nd Board Meeting.

Resolution:

## China Airlines Ltd.

### Articles of Incorporation Comparison Table

Revised Provisions	Current Provisions	Revision Notes
<p>Article 16</p> <p>The Company shall have 11 to 15 Directors, with at least one Director of a different gender, all of whom shall be elected by the Shareholders' Meeting from among persons with legal capacity. The transportation allowances and remunerations for Directors shall be determined by the Board of Directors in reference to the standards of related industries and public companies.</p>	<p>Article 16</p> <p>The Company shall have 11 to 13 directors, all of whom shall be appointed from among persons with legal capacity by the shareholders' meeting. The directors' travel expenses and remuneration shall be determined by the board of directors with reference to the relevant industry standards and the standards of listed companies.</p>	<p>1. Increase the flexibility of the number of director seats, maintain the expression of the number range, and adjust the total number range for all directors.</p> <p>2. In response to amendments to regulations, and in line with the "Sustainability Action Plan for Listed Companies (2023)" issued by the competent authority, promoting measure 2 under "Deepening the Culture of Corporate Sustainability Governance", which calls for promoting gender diversity in the boards of directors of listed companies.</p>
<p>Article 16-1</p> <p>Within the number of director seats mentioned in the preceding article, no less than 3 independent directors shall be appointed, which shall not be less than one-third of the total number of directors, and one of whom shall be a public interest independent director. (Omitted below)</p>	<p>Article 16-1</p> <p>Within the number of director seats mentioned in the previous clause, no less than 3 independent directors shall be appointed, one of whom shall be a public-interest independent director. (Omitted below)</p>	<p>In response to legal amendments and in accordance with the promotion of the "Corporate Governance 3.0 - Sustainable Development Blueprint", it has been clearly stipulated that for listed companies with a capital of NT\$10 billion or more, and companies in the financial and insurance industries, the number of independent directors shall not be less than one-third starting from 2024.</p>
<p>Article 17</p> <p>The term of office for directors is 3 years, and they may be re-elected for</p>	<p>Article 17</p> <p>The term of office for directors is 3 years, and they may be re-elected</p>	<p>In response to amendments to laws and regulations, and in line with the promotion of "Corporate Governance 3.0 -</p>

Revised Provisions	Current Provisions	Revision Notes
<p>consecutive terms; independent directors and independent directors of public interest may not serve more than 3 consecutive terms. The total shareholding of all directors shall be handled in accordance with the "Regulations Governing the Share Ownership Ratios and Audits of Public Companies for Directors and Supervisors".</p>	<p>consecutively; however, the independent directors serving for public interest can only be re-elected consecutively up to two terms. The total number of shares held by all directors shall be handled in accordance with the "Regulations Governing the Share Ownership Ratios and Audits of Public Companies with respect to Directors and Supervisors".</p>	<p>Blueprint for Sustainable Development," starting from 2024, more than half of the independent directors of listed companies must not serve for more than 3 consecutive terms upon re-election at each board term. Additionally, in accordance with the "Action Plan for Sustainable Development of Listed/OTC Companies (2023)," Measure 2, Deepening Corporate Sustainability Governance Culture, Point 1, Strengthening the Functions of Independent Directors and the Audit Committee, Point (3), it is stipulated that starting from 2027, all independent directors of listed companies must not serve for more than 3 consecutive terms.</p>
<p>Article 25</p> <p>When the Company is profitable for the year, it shall appropriate no less than 3% as employee compensation. However, if the Company still has accumulated losses, an amount shall be reserved in advance for making up the losses.</p> <p>The employee compensation mentioned in the preceding paragraph shall be distributed in the form of shares or cash and shall be approved by a</p>	<p>Article 25</p> <p>If the Company is profitable for the year, it shall allocate no less than 3% as employee compensation. However, if the Company still has accumulated losses, it shall first reserve a sufficient amount to make up for the losses.</p> <p>The employee compensation mentioned in the preceding paragraph</p>	<p>As the Company is a capital-intensive industry, it is currently in a period of stable growth. In order to improve the Company's financial structure and meet the needs of future operational development, the principle of distributing dividends at a rate of no less than 50% is removed, so that the actual amount distributed is in line with the distributable surplus for that year, while maintaining a balanced level of earnings per share for the Company.</p>

Revised Provisions	Current Provisions	Revision Notes
<p>resolution passed by a majority vote at a meeting of the Board of Directors attended by two-thirds or more of the total number of Directors, and reported to the shareholders' meeting.</p> <p>If there is a surplus after the annual final accounts, the company shall pay taxes in accordance with the law, make up for accumulated losses, set aside a legal reserve and provide or reverse a special reserve in accordance with legal regulations. If there is still a surplus, the Board of Directors shall propose a distribution plan for the surplus, together with the accumulated undistributed earnings. The distribution of surplus may be made in cash or shares, but cash dividends shall not be less than 30% of the total dividends.</p> <p>The allocation of surplus earnings referred to in the preceding paragraph, if made</p>	<p>shall be distributed in the form of shares or cash, which shall be determined by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds or more of the total number of directors, and the decision shall be reported to the shareholders' meeting.</p> <p>If there is a surplus in the Company's annual final accounts, after paying taxes and making up for accumulated losses in accordance with the law, the Company shall set aside a legal surplus reserve and provide or reverse a special surplus reserve in accordance with the provisions of laws and regulations. If there is still a surplus, it shall be combined with the accumulated unappropriated earnings, and the Board of Directors shall formulate a distribution plan based on the following principles:1. Distribute dividends and bonuses to shareholders in an amount not less than 50%.2. The</p>	

Revised Provisions	Current Provisions	Revision Notes
<p>in the form of issuing new shares, shall be distributed upon the resolution of the shareholders' meeting; if made in the form of cash distribution, it may be carried out by a resolution of more than two-thirds of the directors present at a meeting attended by a majority of the directors, and reported to the shareholders' meeting.</p> <p>When the company has no losses, it may, based on financial, business and operational considerations, distribute all or part of the surplus in the form of new shares or cash in accordance with laws and regulations or the rules of the competent authorities. If new shares are issued, the distribution must be approved by the shareholders' meeting; if cash is distributed, it may be resolved by a board of directors with the attendance of more than two-thirds of the directors and approval of more than half of the attending directors, and reported to the shareholders' meeting.</p>	<p>aforementioned dividends and bonuses may be distributed in the form of shares or cash, provided that cash dividends shall not be less than 30% of the total dividends.</p> <p>With regard to the distribution of the aforementioned surplus, if it is done through the issuance of new shares, it shall be distributed after a resolution by the shareholders' meeting; if it is done through the distribution of cash, it may be carried out with a resolution passed by more than two-thirds of the attending directors at a meeting attended by a majority of all directors, and reported to the shareholders' meeting.</p> <p>When the Company has no deficit, it may, taking into consideration financial, business and operational factors, distribute all or part of the surplus by issuing new shares or cash in accordance with laws and regulations or the requirements of the</p>	

Revised Provisions	Current Provisions	Revision Notes
	<p>competent authority. If issuing new shares, it shall be distributed upon resolution of the shareholders' meeting; if distributing cash, it may be resolved by the Board of Directors with the attendance of more than two-thirds of the directors and approved by a majority of the attending directors, and reported to the shareholders' meeting.</p>	
<p>Article 26 This article was established on August 15, 1959, and was last revised for the 75th time on May 30, 2024. Any matters not covered herein shall be handled in accordance with relevant laws and regulations.</p>	<p>Article 26 This article was established on August 15, 1959, and was last amended for the 74th time on May 26, 2022. Any matters not covered herein shall be handled in accordance with the provisions of relevant laws and regulations.</p>	<p>Adjust the revision date accordingly.</p>

## Election Matters

### **(Proposed by the Board of Directors)**

Cause of action: Proposal to elect the 23<sup>rd</sup> term of Directors.

#### Details:

1. The term of office of the 22nd Board of Directors is about to expire on 11<sup>th</sup> Aug 2024. During the 13th Session of the 22nd Board Meeting, it was resolved that 13 directors (including 5 independent directors, of whom one is an Independent Director involved in Public-welfare activities) would be elected during the Annual Shareholders' Meeting. The term of office of the directors is three years, from 30 May 2024 to 29 May 2027.
2. China Airlines has adopted the nomination system stipulated under Article 192-1 of the Company Law in electing its directors. Shareholders are to elect directors from the nominees in the directors list. The qualifications, i.e., work and study experience and other important information of the individuals on a list of 13 nominees for directorship (including 5 independent directors, of whom one is an Independent Director involved in Public-welfare activities) was reviewed and approved during the 6th Extraordinary Session of the 22nd Board Meeting. Kindly refer to pages 47-50 of this handbook for further information.

#### Resolution:

## China Airlines Ltd.

### Basic Information on Nominees for Directorship of the 23rd Board of Directors

Item	A/C Number	Name	Shares	Major Education and Work Experience
1	000001	China Aviation Development Foundation's Representative: HSIEH, SU-CHIEN	1,867,341,935	Experience: Chairman, China Airlines Ltd., Chairman, CAL Park Co., Ltd., Chairman, CAL Hotel Co., Ltd., Chairman, CAL-Asia Investment Inc., Chairman, CAL-Dynasty International, Inc., President and Senior Vice President, China Airlines Ltd., General Manager, Australia Branch, Chairman, China Airlines Ltd., Chairman, Taiwan Air Cargo Terminal Limited, Chairman, Abacus Distribution Systems Taiwan Ltd. Education: Bachelor's degree in Economics, Soochow University
2	000001	China Aviation Development Foundation's Representative: CHEN, CHIH-YUAN	1,867,341,935	Experience: Chairman, Eyon Holding Group, Vice Chairman, Taiwan Air Cargo Terminal Ltd., Vice Chairman, Taian Insurance Co., Ltd., Chairman, Wan Hai International Pte. Ltd., Chairman, Shihlin Paper Co., Ltd. Director of board of Wan Hai Lines (Singapore) Pte Ltd., Vice Chairman, President, Chen-Yung Foundation Education: MBA, New York University, U.S.A.
3	000001	China Aviation Development Foundation's Representative: TING, KWANG-HUNG	1,867,341,935	Experience: Group Chairman, Phu My Hung Holdings Group, Chairman, Central Trading & Development Corporation, Education: Bachelor's degree in Finance, Boston University, U.S.A.
4	000001	China Aviation Development Foundation's Representative: CHEN, HAN-MING	1,867,341,935	Experience: Chairman, Tigerair Taiwan Co., Ltd., Chairman, Prime Development Co., Ltd., Chairman, Chyn-Tay Bearing Co., Ltd. Education: Master's degree in Business Management, Birmingham City University, UK
5	000001	China Aviation Development Foundation's Representative: CHEN, MAO-JEN	1,867,341,935	Experience: Chairman, Hi Safe Technologies Co., Ltd., Chairman, EMPRO environment CO. Ltd. Education: MBA, Tulane University, U.S.A.

Item	A/C Number	Name	Shares	Major Education and Work Experience
6	000001	China Aviation Development Foundation's Representative: SU, PEI-HSIEN	1,867,341,935	Experience: Ground Staff, Ground Services Div. China Airlines Ltd., Member of Council, China Airlines Employees Union Education: Bachelor's degree in Tourism Management, Chinese Culture University
7	000001	China Aviation Development Foundation's Representative: HUANG,HUEI-JEN	1,867,341,935	Experience: Cabin crew, China Airlines Ltd., Member of Council, China Airlines Employees Union Education: EMBA in Law, National Chengchi University
8	348715	National Development Fund, Executive Yuan's Representative: WEI, CHIEN-HUNG	519,750,519	Experience: Professor, Department of Transportation and Communication Management Science, Institute of Telecommunications Management, National Cheng Kung University, Chairman of China Post Corporation, Director , Mega Financial Holdings Co., Ltd., Director, Smart City Transportation and Network Research Center , National Cheng Kung University, Education: Ph. D in Civil Engineering, University of Maryland USA

## China Airlines Ltd.

### Basic Information of Independent Director Nominees for the 23rd-term Board of Directors

Item	Name	Education and Work Experience
1	HUANG, YIH-RAY	<p>Major Work Experience: Chairman, National Federation of CPA Associations of the R.O.C.; General Director, Solomon CO., CPAs; Director, Huaku Development Co., Ltd.; Director, Ma Kuang Healthcare Holding Ltd.; Independent Director, Mega Bills Finance Co., Ltd., Independent Director, Mega Securities Co., Ltd.</p> <p>Education: MBA, University of Massachusetts, USA</p>
2	HUANG, HSIEH-HSING	<p>Major Work Experience: HQ President and Founder, Chungsun Certified Public Accountants; Honorary Director, Taiwan Provincial CPA Association; Independent Director, TECO Electric and Machinery Co., Ltd.</p> <p>Education: Master of Law, College of Law of National Chengchi University; Master of Business Management, National Sun Yat-sen University; Attended Accounting Ph.D. Program, Shanghai University of Finance and Economics.</p>
3	CHANG, HSIEH GEN-SEN (Independent Director involved in Public-welfare activities)	<p>Major Work Experience: Chairman, Risk Committee, China Airlines Ltd., Member, Foundation Management Committee, Environmental Protection Administration, Independent Director, K Laser Technology Inc.</p> <p>Education: MBA, University of California, Irvine, CA, USA</p>
4	LIN, YU-FEN	<p>Major Work Experience: Attorney-at-Law, Partners, Lex &amp; Honor Law Offices, Principal, Lin Yu-Fen Law Firm, Independent Director, Chunghwa Telecom Co., Ltd., Independent Director, Bank SinoPac, Independent Director, SINBON Electronics Co., Ltd., Supervisor, Infinity Communication Tech. Inc.</p> <p>Education: Bachelor of Political Science and Law in National Taiwan University</p>
5	LIN, KUO-CHANG	<p>Major Work Experience: Practicing Lawyer, Lin Kuo-Chang Law Firm, President, Yilan Bar Association Director, Legal Aid Foundation Yilan Branch, Director, Supervisor, Kuo Kuang Power Co., Ltd., Supervisor, Taiwan Global Energy Maritime Co., Supervisor, Immense Advance Technology Corp. Ltd., Adjunct Lecturer, National Yilan University, Lecturer, Yilan Community University, Director, Ju Ming Foundation, National Compensation Committee of the Fourth Maintenance Engineering Office of the Directorate General of Highways, Ministry of Transportation, Criminal Compensation Case Claim Review Committee Member, Yilan District Court, Integrity Committee Member, Yilan</p>

		County Government, Member of the National Compensation Handling Committee, Yilan County Government, Appeal Review Committee member, Yilan County Government, Dispute Arbitration Committee, Yilan County Labor-Management, Consultation Committee Member, Yilan County Emergency Medical Rescue, Education: Master of Law in National Taipei University
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## Other Matters

### **(Proposed by the Board of Directors)**

Cause of action: Proposal to release non-compete restrictions on the 23<sup>rd</sup> Directors is submitted for review.

Details:

1. In accordance with Article 209 of the Company Act, when a Director's actions by himself or others fall within the scope of the Company's business, he shall explain to the Board of Shareholders the importance of the actions and obtain its approval.
2. Due to the requirement of service of directors (including juristic persons and designated representatives) of the 23rd Board of Directors or as they have invested in or operate companies with business scope that is in the same area as or similar to that of China Airlines, but which does not adversely affect the interests of China Airlines, a proposal be made at the Shareholders' Meeting to remove non-compete restrictions on the 23rd Directors to enable shareholders to exercise voting rights electronically. Details of the relevant interests of nominees for directorship are available on pages 52 of this handbook and the non-compete restrictions can be lifted on those elected after the directors' elections are over during the Annual Shareholders' Meeting.
3. This item was approved during the 6th Extraordinary Session of the 22nd Board Meeting.

Resolution:

## China Airlines Ltd.

### Details of Positions Concurrently Held by 23rd Directors

Name & Title	Positions Held
China Aviation Development Foundation's Representative: HSIEH, SU-CHIEN	Director, China Aviation Development Foundation
China Aviation Development Foundation's Representative: CHEN, CHIH-YUAN	Vice Chairman, Taiwan Air Cargo Terminal Ltd. Director, New Sincere Transportation Corp. Director, New Speed Transportation & Inventory Corp. Director, Taipei Port Container Terminal Corp. Chairman, Wan Hai Lines Ltd. President, Wan Hai Lines (Japan), Ltd. Vice Chairman, Wan Hai Lines (Singapore) PTE Ltd. Director, Wan Hai Lines (Malaysia) SDN BHD
China Aviation Development Foundation's Representative: CHEN, HAN-MING	Chairman, Tigerair Taiwan Co., Ltd. Director, Chyn Tay Bearing Co., Ltd.
HUANG, HSIEH-HSING	Independent Director, TECO Electric and Machinery Co., Ltd.
LIN, YU-FEN	Independent Director, Chunghwa Telecom Co., Ltd. Independent Director, Bank SinoPac Co., Ltd. Independent Director, Sinbon Electronics Co. Ltd. Supervisor, Infinity Communication Tech. Inc.
LIN, KUO-CHANG	Supervisor, Immense Advance Technology Corp. Supervisor, Taiwan Global Energy Maritime Co., Ltd.
Corporate name	Positions Held
China Aviation Development Foundation	Chairman, Corporate Director, Taiwan High Speed Rail Corporation
National Development Fund, Executive Yuan	Corporate Director, Taiwan Aerospace Corporation Corporate Director, Aerovision Avionics, Inc. Corporate Director, National Aerospace Fasteners Corporation Corporate Director, Taiwan High Speed Rail Corporation Corporate Director, Kaohsiung Rapid Transit Corporation Corporate Director, YangMing Marine Transport Corp.

## Questions and Motions

# Appendices

## Appendix 1

### CHINA AIRLINES LTD.

#### ARTICLES OF INCORPORATION

This Article was created on August 15, 1959  
Amended and approved by the Shareholders' Meeting, the 72nd amendment was made on June 25, 2019.  
Amended and approved by the Shareholders' Meeting, the 73th amendment was made on June 23, 2020.  
Amended and approved by the Shareholders' Meeting, the 74 amendment was made on May 26, 2022.

#### 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's operations fall under the following categories of businesses:

1. G501011 Civil Aviation Transport
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-investments. Where it 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 under 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, by 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 several times by the Board of Directors as per 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.

In respect of the new shares issued in accordance with 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 newly 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-related matters will 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 the convening date of a regular shareholders' meeting, 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 types: regular and special. A regular meeting is convened once a year within six (6) months from the closure of the fiscal year, and a special one is convened, when necessary, in accordance with the relevant laws and decrees.

### **Article 10-1**

When the Company's shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.

The company holds a video conference of the shareholders' meeting, which shall be handled in accordance with the relevant laws and regulations and the company's rules of procedure for the shareholders' meeting.

### **Article 11**

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

### **Article 12**

A shareholder of the Company is entitled to one share one vote, unless otherwise restricted by law.

### **Article 13**

If a shareholder is unable to attend a shareholders' meeting for some reason, he can appoint a proxy to attend the meeting on his behalf by executing a power of attorney provided 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 the outstanding shares; any voting right in excess thereof does not count.

Unless stated otherwise in the Company Act, the rules governing the appointment of proxies to attend a shareholders' meeting are 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**

A shareholders' meeting convened by the Board of Directors will 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 any reason, 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 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 a person shall be the chairman of the meeting. When two or more persons are having convening powers, one is elected from among them 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, which shall be kept perpetually throughout the existence of the Company.

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

## **Chapter IV Directors and Managers**

### **Article 16**

The Company shall have eleven to thirteen directors, who are elected at a shareholders' meeting from among those present with legal authority.

Travel expenses and remuneration of the directors shall be as prescribed by the Board of Directors in reference to the standards followed by enterprises in related industries and listed companies.

#### **Article 16-1**

Of the directors of the Company mentioned in the preceding article, at least three of them should be independent directors, one of whom should be involved in public-welfare activities.

The election of the directors of the Company shall be held in accordance with the candidate nomination system and the Company Act and other applicable laws and regulations. The independent directors, independent directors involved in public-welfare activities, and non-independent directors shall be elected at the same time but in separately calculated numbers elect. Candidates with the highest number of ballots cast shall be elected as independent directors, independent directors with experience in public-welfare activities, and non-independent directors.

Professional qualifications, restrictions on shareholding and concurrent positions held, assessment of independence, method of nomination and election, the 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; Independent directors involved in public-welfare activities shall be governed by the Regulations Governing Compliance Matters for Civil Air Transport Enterprise to Appoint Independent Directors with experience in public-welfare activities.

#### **Article 16-2**

The audit committee of the Company is formed 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 they may be eligible for re-election; independent directors with experience in 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 form a Board of Directors to exercise the power and authority of the directors, and the Chairman of the Board of Directors is elected from among the directors by a majority vote at a meeting attended by at least two-thirds of the directors. The Chairman represents the Company outside the organization.

The Board of Directors is authorized to fix the remuneration for the Chairman depending upon the extent of his participation in the operations of the Company, as per the regulations relating to remuneration for managers of the Company.

#### **Article 19**

A board meeting shall be convened by the Chairman; however, the first board meeting for each term shall be convened by the director who obtains the highest number of votes and represents them.

A board meeting shall be presided over by the Chairman of the Board of Directors. When the Chairman is on leave or is absent or is unable to exercise his power and authority for any reason, 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, it is presumed that the directors participating in it are deemed to have attended the meeting in person.

If a director is unable to attend a board meeting for any reason, he may appoint 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 only one person's appointment is considered as representative.

#### **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 and 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 by Article 29 of the Company Act.

### **Article 23**

The Company may, in accordance with its business requirement, 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 at the regular shareholders' meeting for information:

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

### **Article 25**

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

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

In a profitable fiscal year, the Company shall pay taxes in accordance with the law, cover accumulated deficits, and then transfer the balance of earnings to statutory reserve and appropriate for provisions and apportion special reserves in accordance with regulations. If still there is 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 dividends and bonuses to shareholders.
2. Distribution of the aforesaid dividend and bonus may be made in the form of shares or cash, subject to the cash dividend not being less than 30% of the total amount of dividends.

In relation to the distribution of earnings in the preceding paragraph, when dividends are distributed in the form of new shares, a proposal is 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 Directors and report to the shareholders' meeting. When the Company does not incur 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 issue new shares or distribute cash to shareholders in accordance with law 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.

## **Chapter VI Supplemental Provisions**

### **Article 26**

The present Articles of Incorporation were announced on August 15, 1959, and the seventy-fourth (74th) amendment was made on May 26, 2022. 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.

## 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  
Amended and approved by the Shareholders' Meeting on June 23, 2020

- Article 1: These Rules of Procedure for Shareholders' Meetings are 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 procedures for the Company's Shareholders' Meetings, except as otherwise provided by law, regulation, 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 a 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 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 the number 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 parties 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, may be made. If the 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 must be handled in accordance with Article 175 of the Company Act. When, prior to the 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, 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 the such website shall be indicated in the above notice.

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. 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. 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 violation. The chair shall direct the proctors (or security personnel) to help maintain order at the meeting place.
- When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- Those shareholders who use public address equipment different from the one supplied at the premises may be prevented from speaking by the chair.
- When 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 the 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 the discussion time will affect the smooth proceeding of the meeting or there has been sufficient discussion and 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 it 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, after the Chairman or delegate thereof announces the total number of voting rights represented by shareholders in attendance for voting on each issue, shareholders will proceed with voting on a case-by-case basis. 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 a 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 a proxy for any other shareholder, but the 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 a 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 the 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 sealed 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 Shareholders' Meetings.

## Appendix 3

### China Airlines Ltd. Procedures Governing the Election of Directors

Amended and implemented after approval by the Shareholders' Meeting on June 15, 2012

Amended and implemented after approval by the Shareholders' Meeting on June 26, 2015

Amended and implemented after approval by the Shareholders' Meeting on June 25, 2019

Article 1: Except as otherwise provided by law and regulation or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 2: Directors shall be elected at the Shareholders' Meeting.

Article 3: Election of the Company directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

The qualifications and elections for independent directors of the Company shall comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The qualifications and election for the independent directors with involvement in public-welfare activities shall comply with the "Regulations Governing Compliance Matters for Civil Air Transport Enterprise to Appoint Independent Directors Undertaking Public Welfare".

When the number of directors falls below five owing to the dismissal of a director or more for any reason, the Company shall hold a by-election to fill the vacancy at its next Shareholders' Meeting. When the number of directors falls short by one third of the total number prescribed in the Company's Articles of Incorporation, the Company shall call a Special Shareholders' Meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, a by-election shall be held at the next Shareholders' Meeting to fill the vacancy. When the independent directors are dismissed en masse, a Special Shareholders' Meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies. When the number of independent directors with involvement in public-welfare activities is less than one, the Company shall call a Special Shareholders' Meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancy.

Article 4: For election of Company directors, each share will have voting rights in number equal to the directors to be elected and may be cast for a single candidate or split among multiple candidates. The Board of Directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballot, which shall then be distributed to the attending shareholders at the Shareholders' Meeting. Elections for independent directors, independent directors involved in public-welfare activities, and non-independent directors

shall be held concurrently but the respective voting rights shall be separately calculated to determine the elected independent directors, independent directors involved in public-welfare activities, and non-independent directors.

Article 5: The number of directors is specified in the Company's Articles of Incorporation. The candidates to whom the ballots cast represent a prevailing number of voting rights shall be elected as independent directors, independent directors involved in public-welfare activities, and non-independent directors in descending order based on the outcome of the election. When two or more candidates get the same number of voting rights, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any candidate not present.

If, on review, there are confirmed discrepancies in the personal information provided by any director elected as per the above paragraph or he/she is not fit to serve according to relevant laws or regulations, the resulting vacancy will be filled by the candidate receiving the next highest number of voting rights in the same election.

Article 6: If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; while the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column against the candidate's account name on the ballot paper. If the candidate is the representative of a governmental organization or juristic-person shareholder, both the name of the governmental organization or juristic-person shareholder and the candidate's name shall be entered in the column against the candidate's account name. When there are several representatives, the names of each respective representative shall be entered. For a non-shareholder candidate, the voter shall enter the candidate's full name and identity card number.

Article 7: Prior to the start of the election, the chair shall appoint people to perform the duties of vote monitoring and voting rights counting.

Article 8: The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote-monitoring personnel before the commencement of voting.

Article 9: Each ballot may only specify the name of one candidate.

Article 10: A ballot is invalid under any of the following circumstances:

- (1) The ballot is not prepared in accordance with these Procedures.
- (2) A blank ballot is placed in the ballot box.
- (3) The writing is unclear and indecipherable.
- (4) There are any alterations in the writing of the candidate's account name (or name) or shareholder account number (or identity card number) or the number of voting rights allotted.
- (5) The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.

- (6) The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number is provided in the ballot to identify such an individual.
- (7) Other words or marks are entered in addition to the candidate's account name (or name) or the shareholder's account number (or identity card number) and the number of voting rights allotted.
- (8) The number of voting rights cast total more than the voting rights allotted to the voter.

Article 11: If the number of voting rights cast is fewer than the total number of voting rights allotted to a voter, the remaining will be considered as abstentions.

Article 12: After the casting of ballots is completed, the voting rights shall be publicly counted and the results of the calculation, including the list of persons elected as directors and the numbers of voting rights with which they were elected, shall be announced by the chair on the spot.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 13: The Company shall notify the persons elected as directors.

Article 14: Other matters not stipulated in these Procedures shall be conducted in accordance with the Company Act, the Company's Articles of Incorporation and all relevant laws and regulations.

Article 15: These Procedures, and any amendments hereto, shall be implemented after adoption at the Shareholders' Meetings.

## Appendix 4

### Directors' Shareholdings of China Airlines, Ltd

Base date: April 1st, 2024

Title	Name	Date of Appointment	No. of Shares Held on 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	August 12, 2021	common stock	1,867,341,935	32.56%	common stock	1,867,341,935	30.85%	
Director	China Aviation Development Foundation Representative: KAO, SHING-HWANG								
Director	China Aviation Development Foundation Representative: CHEN, CHIH-YUAN								
Director	China Aviation Development Foundation Representative: TING, KWANG-HUNG								
Director	China Aviation Development Foundation Representative: Chen, Maun-JEN								
Director	China Aviation Development Foundation Representative: WEI, YUNG-YEH								

Title	Name	Date of Appointment	No. of Shares Held on Appointment			No. of Shares Currently Held			Remarks
			Type	No. of Shares	Percentage of shares issued	Type	No. of Shares	Percentage of shares issued	
Director	China Aviation Development Foundation Representative: CHAO, KANG								
Director	China Aviation Development Foundation Representative: CHEN, HAN-MING								
Director	National Development Fund, Executive Yuan's Representative: CHANG, HUI-CHUAN	August 12, 2021	common stock	519,750,519	9.06%	common stock	519,750,519	8.58%	
Director	National Development Fund, Executive Yuan's Representative: WANG, SHIH-SZU								
Independent Director	CHANG, HSIEN GEN-SEN	August 12, 2021	common stock	0	0.00%	common stock	0	0.00%	
Independent Director	HUANG, CHIN-YEONG	August 12, 2021	common stock	0	0.00%	common stock	0	0.00%	
Independent Director	HUANG, HSIEH HSING	August 12, 2021	common stock	0	0.00%	common stock	0	0.00%	
Total			common stock	2,387,092,454			2,387,092,454		

August 12, 2021, Total shares outstanding: 5,734,238,346 shares

April 1, 2024, Total shares outstanding: 6,051,540,742 shares

Note: All Directors shall hold statutory shares: 120,000,000 shares. As of April 1st, 2024: 2,387,092,454 shares held.

The Company has formed 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.