

# **China Airlines, Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2024 and 2023 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CHINA AIRLINES, LTD.

By

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March 10, 2025

## **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, 2024 and 2023, 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 material accounting policy information (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, 2024 and 2023, 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, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

#### 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. Refer to Notes 4 and 27 of the accompanying consolidated financial statements for related detailed information.

Since relevant sales can only be recognized as passenger revenue when passengers boarded the plane, there is risk that revenue recorded in the wrong period may arise from the 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 used and recognized as revenue, to verify whether the boarding date matched the date recorded on the tickets, from advanced sales of 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, 2024 and 2023, total assets of these subsidiaries amounted to NT\$22,375,107 thousand and NT\$18,043,139 thousand, representing 6.83% and 6.20% of the consolidated total assets, respectively. For the years ended December 31, 2024 and 2023, revenue from these subsidiaries amounted to NT\$16,423,023 thousand and NT\$12,256,938 thousand, representing 8.06% and 6.63% 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, 2024 and 2023, 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, 2024 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 I-Chi Chien.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 10, 2025

#### 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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 31)	\$ 66,648,640	20	\$ 30,391,564	10
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	196,217	-	186,560	-
Financial assets at amortized cost - current (Notes 4, 9 and 31)	1,494,790	1	4,079,619	1
Financial assets for hedging - current (Notes 4, 6 and 31)	2,982,605	1	10,353,943	4
Notes and accounts receivable, net (Notes 4, 10 and 31)	11,087,366	3	10,000,732	3
Notes and accounts receivable - related parties (Notes 31 and 32)	6,222	-	16,176	-
Finance lease receivables - current (Notes 4, 21 and 31)	200,222	-	265,955	-
Other receivables (Notes 4 and 31)	1,136,627	-	808,005	-
Current tax assets (Notes 4 and 28)	58,597	-	27,984	-
Inventories (Notes 4 and 11)	12,299,321	4	10,678,706	4
Non-current assets held for sale (Notes 4, 5 and 12)	-	-	1,290,581	1
Other current assets (Note 18)	<u>1,696,275</u>	<u>1</u>	<u>1,593,490</u>	<u>1</u>
Total current assets	<u>97,806,882</u>	<u>30</u>	<u>69,693,315</u>	<u>24</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 31)	140,886	-	103,982	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 31)	220,761	-	224,912	-
Financial assets for hedging - non-current (Notes 4 and 31)	6,227	-	-	-
Investments accounted for using the equity method (Notes 4 and 14)	2,287,153	1	1,737,235	1
Property, plant and equipment (Notes 4, 5, 15 and 33)	125,987,963	39	123,342,731	42
Right-of-use assets (Notes 4 and 21)	56,972,986	17	52,231,083	18
Investment properties (Notes 4 and 16)	2,071,558	1	2,071,785	1
Other intangible assets (Notes 4 and 17)	784,799	-	791,567	-
Deferred tax assets (Notes 4 and 28)	7,881,513	2	8,192,270	3
Finance lease receivables - non-current (Notes 4, 21 and 31)	-	-	187,901	-
Other non-current assets (Notes 18, 21, 25, 31 and 33)	<u>33,222,810</u>	<u>10</u>	<u>32,665,650</u>	<u>11</u>
Total non-current assets	<u>229,576,656</u>	<u>70</u>	<u>221,549,116</u>	<u>76</u>
TOTAL	<u>\$ 327,383,538</u>	<u>100</u>	<u>\$ 291,242,431</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 31)	\$ -	-	\$ 35,000	-
Short-term bills payable (Notes 19 and 31)	-	-	20,000	-
Financial liabilities for hedging - current (Notes 4, 21 and 31)	9,661,129	3	8,889,205	3
Notes and accounts payable (Note 31)	1,654,189	-	1,382,344	1
Accounts payable - related parties (Notes 31 and 32)	811,189	-	670,814	-
Other payables (Notes 22 and 31)	21,450,141	7	17,750,515	6
Current tax liabilities (Notes 4 and 28)	2,004,112	1	205,147	-
Lease liabilities - current (Notes 4, 21 and 31)	3,643,176	1	3,364,630	1
Contract liabilities - current (Notes 4 and 23)	29,651,212	9	26,473,116	9
Provisions - current (Notes 4 and 24)	1,679,375	-	2,742,402	1
Current portion of bonds payable and put option of convertible bonds (Notes 4, 20, 26 and 31)	1,650,000	-	4,723,814	2
Current portion of long-term borrowings (Notes 19, 31 and 33)	11,965,545	4	18,669,326	6
Other current liabilities (Note 31)	<u>5,313,941</u>	<u>2</u>	<u>5,119,354</u>	<u>2</u>
Total current liabilities	<u>89,484,009</u>	<u>27</u>	<u>90,045,667</u>	<u>31</u>
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 4, 21 and 31)	31,970,060	10	26,099,758	9
Bonds payable - non-current (Notes 4, 20, 26 and 31)	4,419,339	1	4,925,000	2
Long-term borrowings - non-current (Notes 19, 31 and 33)	59,031,048	18	46,478,031	16
Contract liabilities - non-current (Notes 4 and 23)	4,849,929	2	2,964,299	1
Provisions - non-current (Notes 4 and 24)	19,236,966	6	16,865,601	6
Deferred tax liabilities (Notes 4 and 28)	360,973	-	196,899	-
Lease liabilities - non-current (Notes 4, 21 and 31)	16,822,260	5	15,783,549	5
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	9,819,692	3	9,706,647	3
Other non-current liabilities (Note 31)	<u>840,405</u>	<u>-</u>	<u>698,110</u>	<u>-</u>
Total non-current liabilities	<u>147,350,672</u>	<u>45</u>	<u>123,717,894</u>	<u>42</u>
Total liabilities	<u>236,834,681</u>	<u>72</u>	<u>213,763,561</u>	<u>73</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 20 and 26)				
Share capital	<u>60,769,350</u>	<u>19</u>	<u>60,513,407</u>	<u>21</u>
Capital surplus	<u>5,829,477</u>	<u>2</u>	<u>3,887,046</u>	<u>1</u>
Retained earnings				
Legal reserve	1,868,376	-	1,230,977	1
Special reserve	690,014	-	534,375	-
Unappropriated retained earnings	<u>18,419,108</u>	<u>6</u>	<u>9,146,199</u>	<u>3</u>
Total retained earnings	<u>20,977,498</u>	<u>6</u>	<u>10,911,551</u>	<u>4</u>
Other equity	<u>(1,544,819)</u>	<u>(1)</u>	<u>(690,014)</u>	<u>-</u>
Treasury shares	<u>(30,875)</u>	<u>-</u>	<u>(30,875)</u>	<u>-</u>
Total equity attributable to owners of the Company	86,000,631	26	74,591,115	26
NON-CONTROLLING INTERESTS (Note 26)	<u>4,548,226</u>	<u>2</u>	<u>2,887,755</u>	<u>1</u>
Total equity	<u>90,548,857</u>	<u>28</u>	<u>77,478,870</u>	<u>27</u>
TOTAL	<u>\$ 327,383,538</u>	<u>100</u>	<u>\$ 291,242,431</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 10, 2025)

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 32)	\$ 203,879,338	100	\$ 184,816,790	100
OPERATING COSTS (Notes 4, 10, 11, 17, 24, 25, 27 and 32)	<u>169,719,034</u>	<u>83</u>	<u>160,986,016</u>	<u>87</u>
GROSS PROFIT	34,160,304	17	23,830,774	13
OPERATING EXPENSES (Notes 4, 25, 27 and 32)	<u>15,957,957</u>	<u>8</u>	<u>13,673,353</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>18,202,347</u>	<u>9</u>	<u>10,157,421</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 8 and 27)	2,757,543	2	2,205,800	1
Other gains and losses (Notes 12, 14, 15, 27 and 31)	408,643	-	(866,936)	-
Finance costs (Notes 27 and 31)	(2,755,707)	(1)	(2,608,298)	(1)
Share of the profit of associates and joint ventures (Note 14)	<u>663,236</u>	<u>-</u>	<u>417,485</u>	<u>-</u>
Total non-operating income and expenses	<u>1,073,715</u>	<u>1</u>	<u>(851,949)</u>	<u>-</u>
INCOME BEFORE INCOME TAX	19,276,062	10	9,305,472	5
INCOME TAX EXPENSE (Notes 4 and 28)	<u>3,780,874</u>	<u>2</u>	<u>1,834,271</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>15,495,188</u>	<u>8</u>	<u>7,471,201</u>	<u>4</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)	850,569	-	(354,851)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 26)	34,781	-	(18,154)	-
Remeasurement of defined benefit plans (Notes 4 and 25)	(385,256)	-	(648,987)	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	14,777	-	(55,639)	-
Income tax relating related to items that will not be reclassified subsequently to profit or loss (Note 28)	<u>67,286</u>	<u>-</u>	<u>129,759</u>	<u>-</u>
	<u>582,157</u>	<u>-</u>	<u>(947,872)</u>	<u>-</u>

(Continued)



# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 26)	\$ 134,989	-	\$ (12,572)	-
(Loss) gain on hedging instruments not subject to basis adjustment (Notes 4, 26 and 31)	(1,927,377)	(1)	70,964	-
Income tax relating related to items that may be reclassified subsequently to profit or loss (Note 28)	<u>358,478</u>	<u>-</u>	<u>(13,480)</u>	<u>-</u>
	<u>(1,433,910)</u>	<u>(1)</u>	<u>44,912</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(851,753)</u>	<u>(1)</u>	<u>(902,960)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 14,643,435</u>	<u>7</u>	<u>\$ 6,568,241</u>	<u>4</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 14,383,345	7	\$ 6,818,552	4
Non-controlling interests	<u>1,111,843</u>	<u>1</u>	<u>652,649</u>	<u>-</u>
	<u>\$ 15,495,188</u>	<u>8</u>	<u>\$ 7,471,201</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 13,680,658	7	\$ 6,049,509	3
Non-controlling interests	<u>962,777</u>	<u>-</u>	<u>518,732</u>	<u>1</u>
	<u>\$ 14,643,435</u>	<u>7</u>	<u>\$ 6,568,241</u>	<u>4</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 29)				
Basic	<u>\$ 2.38</u>		<u>\$ 1.13</u>	
Diluted	<u>\$ 2.33</u>		<u>\$ 1.11</u>	

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

(With Deloitte & Touche auditors' report dated March 10, 2025)

(Concluded)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
						Other Equity						
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Asset at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Treasury Shares Held by Subsidiaries	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2023	\$ 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 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 income for the year ended December 31, 2023	-	-	-	-	6,818,552	-	-	-	-	6,818,552	652,649	7,471,201
Other comprehensive 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
Basis adjustment to loss on hedging instruments	-	-	-	-	-	-	-	(292,936)	-	(292,936)	-	(292,936)
Appropriation of 2023 earnings												
Legal reserve	-	-	637,399	-	(637,399)	-	-	-	-	-	-	-
Special reserve	-	-	-	155,639	(155,639)	-	-	-	-	-	-	-
Cash dividends - \$0.69014527 per share	-	-	-	-	(4,176,580)	-	-	-	-	(4,176,580)	-	(4,176,580)
Changes in capital surplus from dividends distributed to subsidiaries	-	1,431	-	-	-	-	-	-	-	1,431	-	1,431
Actual disposal of partial equity interest in subsidiaries	-	1,425,334	-	-	-	-	-	-	-	1,425,334	533,510	1,958,844
Changes in percentage of ownership interests in subsidiaries	-	285,416	-	-	-	-	-	-	-	285,416	293,054	578,470
Issuance of employee share options by the subsidiaries	-	43,216	-	-	-	-	-	-	-	43,216	17,998	61,214
Net income for the year ended December 31, 2024	-	-	-	-	14,383,345	-	-	-	-	14,383,345	1,111,843	15,495,188
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	(140,818)	101,646	27,887	(691,402)	-	(702,687)	(149,066)	(851,753)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	14,242,527	101,646	27,887	(691,402)	-	13,680,658	962,777	14,643,435
Convertible bonds converted to ordinary shares	255,943	187,034	-	-	-	-	-	-	-	442,977	-	442,977
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(146,868)	(146,868)
Others	-	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2024	<u>\$ 60,769,350</u>	<u>\$ 5,829,477</u>	<u>\$ 1,868,376</u>	<u>\$ 690,014</u>	<u>\$ 18,419,108</u>	<u>\$ 88,681</u>	<u>\$ 50,613</u>	<u>\$ (1,684,113)</u>	<u>\$ (30,875)</u>	<u>\$ 86,000,631</u>	<u>\$ 4,548,226</u>	<u>\$ 90,548,857</u>

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

(With Deloitte & Touche auditors’ report dated March 10, 2025)

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 19,276,062	\$ 9,305,472
Adjustments for:		
Depreciation expense	29,260,293	30,433,350
Amortization expense	210,221	223,600
Expected credit loss recognized on trade receivables	32	693
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(2,421)	(1,758)
Finance costs	2,755,707	2,608,298
Interest income	(2,231,421)	(1,802,654)
Dividend income	(18,717)	(21,662)
Compensation costs of employee share options	61,214	29,282
Share of profit of associates and joint ventures	(663,236)	(417,485)
Gain on disposal of property, plant and equipment	(391,002)	(555,914)
(Gain) loss on disposal of non-current assets held for sale	(9,753)	2,364
Loss (gain) on disposal of investments	29	(2,523)
Impairment loss (reversal gain) recognized on flight equipment and other equipment	(124,021)	1,901,450
Loss on inventories and property, plant and equipment	2,301,995	2,915,549
Net loss on foreign currency exchange	395,899	125,439
Recognition of provisions	4,785,011	6,192,669
Others	(3,470)	167,165
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(7,236)	(65,340)
Notes and accounts receivable	(944,846)	1,037,497
Accounts receivable - related parties	(300,458)	(291,042)
Other receivables	(224,689)	126,265
Inventories	(3,589,290)	(2,275,270)
Other current assets	(98,263)	33,013
Notes and accounts payable	265,987	326,155
Accounts payable - related parties	439,405	618,193
Other payables	4,572,455	4,641,168
Contract liabilities	5,062,828	10,645,541
Provisions	(4,333,478)	(7,429,593)
Other current liabilities	271,125	1,677,934
Defined benefit liabilities	(276,092)	(172,293)
Other liabilities	(3,034)	(1,330,451)
Cash generated from operations	56,436,836	58,645,112
Interest received	2,169,205	1,733,515
Dividends received	101,874	139,718
Interest paid	(3,305,697)	(2,928,539)
Income tax paid	(1,118,803)	(1,744,205)
Net cash generated from operating activities	54,283,415	55,845,601

(Continued)

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	\$ (8,541,431)	\$ (19,043,551)
Proceeds from sale of financial assets at amortized cost	11,324,072	21,083,676
Acquisition of financial assets at fair value through other comprehensive income	(278)	-
Purchase of financial assets for hedging	(26,177,606)	(16,276,122)
Proceeds from sale of financial assets for hedging	34,352,036	9,497,256
Cash generated from disposal of investments accounted for using equity method	7,601	2,523
Proceeds from disposal of non-current assets held for sale	5,866,122	1,077,006
Payments for property, plant and equipment	(4,584,954)	(1,997,578)
Proceeds from disposal of property, plant and equipment	424,263	2,495,160
Increase in refundable deposits	(326,625)	(199,825)
Decrease in refundable deposits	413,454	306,618
Increase in finance lease receivable	-	(786,163)
Decrease in finance lease receivable	300,888	336,001
Increase in prepayments for equipment	(20,253,229)	(27,187,511)
Increase in other intangible assets	(204,657)	(167,860)
Decrease in restricted assets	<u>134,500</u>	<u>199,899</u>
Net cash used in investing activities	<u>(7,265,844)</u>	<u>(30,660,471)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(35,000)	(800,000)
(Decrease) increase in short-term bill payable	(20,000)	20,000
Proceeds from issuance of bonds payable	-	2,650,000
Repayments of bonds payable	(3,150,000)	(2,350,000)
Proceeds from long-term borrowings	28,492,881	14,483,108
Repayments of long-term borrowings	(22,643,645)	(27,670,317)
Repayments of the principal portion of lease liabilities	(13,102,425)	(13,595,372)
Proceeds from guarantee deposits received	279,999	175,552
Refund of guarantee deposits received	(165,817)	(317,618)
Proceeds from issuance of ordinary shares of subsidiaries to non-controlling interests	578,470	821,464
Payment of cash dividends	(4,175,149)	(2,771,252)
Dividends paid to non-controlling interests	(146,868)	(253,800)
Partial disposal of interests in subsidiaries without a loss of control	1,958,844	-
Capital returned to non-controlling interests by subsidiaries on capital reduction	<u>-</u>	<u>(205,000)</u>
Net cash used in financing activities	<u>(12,128,710)</u>	<u>(29,813,235)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>1,368,215</u>	<u>39,200</u>

(Continued)

## CHINA AIRLINES, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

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	2024	2023
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 36,257,076	\$ (4,588,905)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>30,391,564</u>	<u>34,980,469</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 66,648,640</u>	<u>\$ 30,391,564</u>

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

(With Deloitte & Touche auditors' report dated March 10, 2025)

(Concluded)

# CHINA AIRLINES, LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

China Airlines, Ltd. (the “Company”) was founded in 1959 and its shares have been listed on the Taiwan Stock Exchange since February 26, 1993. The Company is primarily involved in (a) air transport services for passengers, cargo and mail; (b) ground services and routine aircraft maintenance; (c) major maintenance of flight equipment; (d) communications and data processing services to other airlines; (e) the sale of aircraft parts, equipment and aviation equipment; and (f) leasing of aircraft.

The major shareholders of the Company are China Aviation Development Foundation (CADF) and National Development Fund (NDF), Executive Yuan. As of December 31, 2024 and 2023, CADF and NDF held a combined 39.27% and 39.43%, respectively of the Company’s shares.

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) were approved by the Company’s board of directors on March 10, 2025.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

#### IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): when in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **Statement of Compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### **Basis of Preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets (refer to the summary of accounting policies below).

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 inputs are unobservable inputs for an asset or liability.

##### **Current and Non-current Assets and Liabilities**

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.



Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period; and
- c. Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

### **Foreign Currencies**

In preparing the consolidated financial statements of the Group, the transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on:

- a. Foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- b. Transactions entered into in order to hedge certain foreign currency risks.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

### **Inventories**

Inventories are primarily expendable and nonexpendable parts and materials, supplies used in operations and items for in-flight sales and are stated at the lower of cost or net realizable value. The costs of inventories sold or consumed are determined using the weighted-average method.

### **Non-current Assets Held for Sale**

Non-current assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

### **Investments in Associates and Joint Ventures**

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

### **Property, Plant and Equipment**

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used for more than one period. The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group; the cost of the item can be measured reliably. Property, plant and equipment are stated at cost less recognized accumulated depreciation and recognized accumulated impairment loss.

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period. The impact of any changes in accounting estimates is accounted for on a prospective basis under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

## **Investment Properties**

Investment properties are properties held to earn rentals or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method, which is the amount of cost less residual value divided by the useful life of the investment property.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

## **Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period. The residual value of an intangible asset with a finite useful life shall be assumed zero unless the Group expects to dispose of the intangible asset before the end of its economic life. The impact of any changes in accounting estimates is accounted for on a prospective basis under IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

## **Impairment of Property, Plant and Equipment, Right-of-use Asset, Investment Properties and Intangible Assets Other Than Goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis; otherwise, corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the Group uses the estimated cash flows discounted by the future pre-tax discount rate, and the discount rate reflects the current market time value of money and the specific risks to the asset for estimated future cash flows not yet adjusting to the market.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

## Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

### a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. All regular way purchases or sales of financial assets are buy or sell of financial assets in the period set by regulation or market convention.

#### 1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

##### a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 31.

##### b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, other receivables and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if an equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of an investment.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables and finance lease receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, finance lease receivables and other receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

Except for derivative financial instruments, all financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

e. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and fuel price risks, including foreign exchange forward contracts, interest rate swaps, currency options, fuel options and swap.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

### **Hedge Accounting**

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges. When entering into hedging transactions, the Group has prepared official documents that describe the hedging relationship between hedging instruments and items which have been hedged, the objective of risk management, the hedging strategy, and the way to evaluate the effectiveness of the hedging instrument.

The effective portion of gains and losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period (in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

### **Provisions**

The Group recognizes provisions when the Group has a present obligation (legal or constructive obligation) arising from past events, the payment for the obligation is probable, and the expenditure for settling the obligation can be reliably estimated.

The amount recognized as a provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured at the estimate of using the cash flows to settle the present obligation, its carrying amount is the present value of those cash flows. When the aircraft lease contracts expire and the leased item will be returned to the lessor, the Group will assess if there are existing obligations exist and if a provision is required to be recognized when signing the lease contract.



## **Revenue Recognition**

The Group recognizes revenue by applying the following steps:

- Identifying the contract with the customer;
- Identifying the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Group satisfies a performance obligation.

### Shipping service revenue

Passenger and cargo revenue are recognized as revenue when the passengers and goods are actually carried. When the tickets are sold, due to the fact that the fulfillment of performance obligations of the shipment have not been met, the relevant amount of revenue is initially recorded as contract liabilities until passengers actually board.

## **Leasing**

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

### The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor, and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction.

## **Employee Benefits**

### **a. Short-term employee benefits**

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

### **b. Retirement benefits**

Payments to the defined contribution retirement benefit plan are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

## **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## **Government Grants**

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

### **Frequent Flyer Programs**

The Group has a “Dynasty Flyer Program” through which program members can convert accumulated mileage to a cabin upgrade, free tickets and other member rewards and operates a “Tigerclub Member Privilege Program” to provide members with accumulated ticket reward bonuses, which can be used to offset the payments for airfare, luggage fees, priority check-ins, and ordering of meals in flight cabins. A portion of passenger revenue attributable to the rewards for the frequent flyer program is deferred. The Group should recognize this deferred revenue as revenue only when the Group has fulfilled its obligations on the granting of rewards or when the period for converting the mileage to rewards has expired.

### **Share-based Payment Arrangements**

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instrument that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the equity-settled share-based payments is recognized as an expense in full at the grant date when the granted share options are vested immediately.

### **Income Tax**

Income tax expense represents the sum of the current tax and deferred tax.

#### **a. Current tax**

The current tax liabilities are based on current taxable profit. Since part of the income and expenses are taxable or deductible in other periods, or in accordance with the relevant tax laws are taxable or deductible, current taxable profit differs from net profit reported in the consolidated statements of comprehensive income. The Group’s current tax liabilities are calculated by the tax rate was legislated or substantially legislated at the balance sheet date.

According to the Income Tax Act in the R.O.C., an additional tax of unappropriated earnings is provided for in the year the shareholders approve the retain earnings.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

#### **b. Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

**Maintenance and Overhaul Costs**

Routine maintenance costs are recognized in profit or loss in the period in which they are incurred.

The overhaul costs of an owned or leased aircraft that meet the criteria for fixed asset capitalization are capitalized as replacements for aircraft and engines and are depreciated on a straight-line basis over the expected annual overhaul cycle.

**5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies as disclosed in Note 4, management is required to make judgments, estimations and assumptions on the carrying amounts that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

**Key Sources of Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Defined Benefit Obligations**

The present value of defined benefit obligations at the end of the reporting period is calculated using actuarial assumptions. Those assumptions, which are based on management's judgments and estimates, comprise the discount rate and expected return on plan assets. Changes in actuarial assumptions may have a material impact on the amount of defined benefit obligations.

## Useful Lives of Property, Plant and Equipment - Flight Equipment

Flight equipment is measured at cost less residual value and are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives and residual values are evaluated based on the Company's historical experience and current usage condition in the aviation industry.

Because of the change in fleet planning to match the economic benefits with the useful lives, on March 8, 2024, the Company's board of directors resolved to modify the estimated useful lives of eight B747-400F freighters from 24 years to 22 years and the estimated useful lives of two 80C2 engines from 8 years to 6 years, effective on May 1, 2024. The depreciation expense in 2024 will increase by \$679 million.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand and revolving funds	\$ 822,915	\$ 903,815
Checking accounts and demand deposits	14,138,656	9,077,246
Cash equivalent		
Time deposits with original maturities of less than three months	38,618,227	14,293,056
Repurchase agreements collateralized by bonds	<u>13,068,842</u>	<u>6,117,447</u>
	<u>\$ 66,648,640</u>	<u>\$ 30,391,564</u>

The market rate intervals of cash in the bank and cash equivalents at the end of the reporting period were as follows:

	December 31	
	2024	2023
Bank balance	0%-4.80%	0%-5.10%
Time deposits with original maturities of less than three months	1.30%-5.49%	0.61%-6.20%
Repurchase agreements collateralized by bonds	1.15%-5.12%	0.70%-5.78%

The Group designated some deposits denominated in USD and repurchase agreements collateralized by bonds as hedging instruments to avoid exchange rate fluctuations on final payments of aircraft orders and prepayments for equipment and applied cash flow hedge accounting to hedge its foreign exchange exposure. The contract information is as follows:

	Maturity Date	Subject	Carrying Value
December 31, 2024	2025.1.2	Financial assets for hedging - current	\$ 2,950,820
December 31, 2023	2024.1.5-2024.2.7	Financial assets for hedging - current	10,307,692

### Impact on other comprehensive income (loss)

	Recognized in Other Comprehensive Income (Loss)
For the year ended December 31, 2024	\$ 572,698
For the year ended December 31, 2023	(449,744)

For the years ended December 31, 2024 and 2023, the amount of hedging instrument settlements recognized as prepayments for equipment were decreased to \$36,900 thousand and increased to \$159,683 thousand, respectively. Additionally, the amount due to the ineffectiveness of hedging recognized as foreign exchange gains were \$11,177 thousand and \$0, respectively.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Beneficiary certificates	<u>\$ 196,217</u>	<u>\$ 186,560</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

### Investments in Equity Instruments

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Non-current</u>		
Foreign investments		
Unlisted shares	\$ 117,423	\$ 81,197
Listed shares	368	-
Domestic investments		
Unlisted shares	<u>23,095</u>	<u>22,785</u>
	<u>\$ 140,886</u>	<u>\$ 103,982</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes and are expected to profit through long-term investment. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair values in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 1,494,790</u>	<u>\$ 4,079,619</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 1 year	<u>\$ 220,761</u>	<u>\$ 224,912</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.67%-5.25% and 0.21%-5.89% per annum as of December 31, 2024 and 2023, respectively.

# 10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2024	2023
<u>Notes receivable</u>	<u>\$ 207,448</u>	<u>\$ 176,960</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	11,139,883	10,081,225
Less: Allowance for impairment loss	<u>(259,965)</u>	<u>(257,453)</u>
	<u>10,879,918</u>	<u>9,823,772</u>
	<u>\$ 11,087,366</u>	<u>\$ 10,000,732</u>

The average credit period is 7 to 55 days. In determining the recoverability of an accounts receivable, the Group considers any change in the credit quality of the receivable since the date credit is initially granted to the end of the reporting period, and any allowance for impairment loss is based on the estimated irrecoverable amounts determined by reference to the Group's past default experience with the counterparty and an analysis of the counterparty's current financial position. The Group adopts a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowance for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience with the debtors and an analysis of the debtors' current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished according to the different segments of the Group's customer base.

The Group writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the past due receivables. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix:

December 31, 2024

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0.21%	5.55%	51.05%	100%	100%	
Gross carrying amount	\$ 10,729,158	\$ 89,543	\$ 182,132	\$ 477	\$ 138,573	\$ 11,139,883
Loss allowance (lifetime ECLs)	<u>(22,960)</u>	<u>(4,974)</u>	<u>(92,981)</u>	<u>(477)</u>	<u>(138,573)</u>	<u>(259,965)</u>
Amortized cost	<u>\$ 10,706,198</u>	<u>\$ 84,569</u>	<u>\$ 89,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,879,918</u>

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0.88%	10.07%	52.21%	99.95%	99.99%	
Gross carrying amount	\$ 9,763,070	\$ 155,960	\$ 13,399	\$ 9,669	\$ 139,127	\$ 10,081,225
Loss allowance (lifetime ECLs)	<u>(85,963)</u>	<u>(15,709)</u>	<u>(6,996)</u>	<u>(9,664)</u>	<u>(139,121)</u>	<u>(257,453)</u>
Amortized cost	<u>\$ 9,677,107</u>	<u>\$ 140,251</u>	<u>\$ 6,403</u>	<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 9,823,772</u>

The movements of the loss allowance of accounts receivable were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 257,453	\$ 261,445
Add: Net remeasurement of loss allowance	32	693
Add: Amounts recovered	3,396	35
Less: Amounts written off	<u>(916)</u>	<u>(4,720)</u>
Balance at December 31	<u>\$ 259,965</u>	<u>\$ 257,453</u>

## 11. INVENTORIES, NET

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Aircraft spare parts	\$ 9,909,879	\$ 9,536,389
Work in process - maintenance services	1,527,240	388,582
Items for in-flight sale	750,643	659,584
Others	<u>111,559</u>	<u>94,151</u>
	<u>\$ 12,299,321</u>	<u>\$ 10,678,706</u>

The operating costs for the years ended December 31, 2024 and 2023 included losses from inventory write-downs of \$805,005 thousand and \$1,177,118 thousand, respectively.



## 12. NON-CURRENT ASSETS HELD FOR SALE

	December 31	
	2024	2023
Aircraft held for sale	\$ <u>          -</u>	\$ <u>1,290,581</u>

To enhance its competitiveness, the Company plans to introduce new aircraft and retire old aircraft according to a planned schedule. Such aircraft, classified as non-current assets held for sale, had an original carrying amount which was higher than the expected sale price and which was recognized as an impairment loss, and would be continuously assessed whether there are further impairments in subsequent periods. However, the actual loss shall be identified by the actual sale price. The Company recognized gain on reversal of impairment of \$310,605 thousand and the impairment losses of \$979,459 thousands for the years ended December 31, 2024 and 2023, respectively.

The fair value measurement is classified as Level 3, and the fair value was determined according to similar transactions of the related markets. The proposed sale prices were based on the current status of the aircraft.

The Company disposed of the aircraft held for sale for the years ended December 31, 2024 and 2023, and recognized a gain of 9,753 thousand and a loss of 2,364 thousand, respectively.

## 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor Company	Investee Company	Main Businesses and Products	Proportion of Ownership (%)	
			December 31	
			2024	2023
China Airlines, Ltd.	Tigerair Taiwan Co., Ltd. (Note)	Air transportation	69	79
	Taiwan Aircraft Maintenance And Engineering Co., Ltd.	Aircraft maintenance	100	100
	Cal-Dynasty International	A holding company, real estate and hotel services	100	100
	Cal-Asia Investment	General investing	100	100
	Dynasty Aerotech International Corp.	Cleaning of aircraft and maintenance of machine and equipment	100	100
	Cal Park	Real estate lease and international trade	100	100
	Cal Hotel Co., Ltd.	Hotel business	100	100
	Sabre Travel Network (Taiwan)	Sale and maintenance of hardware and software	94	94
	Mandarin Airlines	Air transportation and maintenance of aircraft	97	97
	Taiwan Air Cargo Terminal (Note)	Air cargo and storage	59	59
	Kaohsiung Catering Services, Ltd.	In-flight catering	54	54
	Taoyuan International Airport Services	Airport services	49	49
	Taiwan Airport Services (Note)	Airport services	48	48
	Global Sky Express	Forwarding and storage of air cargo	25	25
	Dynasty Properties Co., Ltd.	Real estate management	100	100
Cal-Dynasty International	Dynasty Hotel of Hawaii, Inc.	Hotel business	100	100
Taiwan Airport Services	Taiwan Airport Service (Samoa)	Airport supporting service and investment	100	100

Note: Proportion of ownership is considered from the perspective of the Group.

The Company has control over Taoyuan International Airport Service, Taiwan Airport Service and Global Sky Express despite its ownership of less than 50%, and the Company has control over other subsidiaries with more than 50% of their voting shares. The above financial information of the subsidiaries for the years ended December 31, 2024 and 2023 was reported according to financial statements that were audited by independent auditors.

On February 13, 2023, the board of directors of C resolved to issue 36,000 thousand ordinary shares for cash to strengthen its capital structure. On March 9, 2023, the board of directors of the Company approved the subscription plan at \$25 per share. In April 2023, the Company subscribed for 23,993 thousand shares. The Group's comprehensive ownership percentage dropped to 81%. Because the shares were subscribed at a percentage different from its existing ownership percentage, the Company's capital surplus increased by \$85,930 thousand. In addition, Tigerair Taiwan Co., Ltd. reserves 15% of the total issuances for employees to subscribe to in accordance with article 267, item 1 of the Company Act. As a result, the Company's capital surplus increased by \$24,055 thousand and non-controlling interests increased by \$5,227 thousand.

Tigerair Taiwan Co., Ltd. applied for a listing on the Taiwan Innovation Board of the Taiwan Stock Exchange on December 21, 2022. The board of directors of the Taiwan Stock Exchange approved the listing application on February 21, 2023, and it was reported to the authority. To cooperate with the public underwriting before the initial listing on the Taiwan Innovation Board, the board of directors of Tigerair Taiwan Co., Ltd. approved the issuance of 13,000 thousand ordinary shares for cash on May 5, 2023, and the issuance was approved by the authority in July 2023. In addition, due to relevant regulations, the Group did not participate in ordinary shares for cash; therefore, the Group's comprehensive ownership percentage dropped to 79%. Because the shares were subscribed at a rate different from its existing ownership percentage, the Company's capital surplus increased by \$366,180 thousand.

To align with the listing of Tigerair Taiwan Co., Ltd. on the main board, the Company disposed of 36,745 thousand shares of Tigerair Taiwan Co., Ltd. in September 2024, with a disposal amount of \$1,958,844 thousand. After the disposal, the Group's comprehensive ownership percentage dropped to 71%. Since the transaction did not change the authority the Company has over the subsidiaries, it was treated as an equity transaction. The net asset carrying amount of the subsidiaries, in accordance with the change in relative equity, was transferred to non-controlling interests in the amount of \$533,510 thousand. The difference between the actual disposal price of the subsidiary's shares and the carrying amount was \$1,425,334 thousand, which was recognized as an increase in capital reserve.

Additionally, Tigerair Taiwan Co., Ltd. applied for the listing of its shares on the main board on August 16, 2024, and the application was approved by the Taiwan Stock Exchange on September 13, 2024. To align with the public offering prior to the board transfer, Taiwan Tigerair's board of directors approved a cash capital increase on September 27, 2024, with a total planned issuance of 10,530 thousand shares. In addition, due to relevant regulations, the Group did not participate in the cash capital increase; therefore, the Group's comprehensive ownership percentage dropped to 69%. Because the shares were subscribed at a rate different from its existing ownership percentage, the Company's capital surplus increased by \$285,416 thousand. In addition, Tigerair Taiwan Co., Ltd. reserves 15% of the total issuances for employees to subscribe to in accordance with article 267, item 1 of the Company Act. As a result, the Company's capital surplus increased by \$43,216 thousand and non-controlling interests increased by \$17,998 thousand.

Taiwan Air Cargo Terminal carried out a capital reduction to return investment to shareholders by \$500,000 thousand. The reduction date was in August 2023. After capital deduction, the proportion of ownership in the Company remained unchanged.

In July 2024 and June 2023, Cal Park gained \$18,370 thousand and \$28,896 thousand by capital increase out of retained earnings; the proportion of ownership of the Company remained unchanged.

The board of directors of the Company passed the resolution to dissolve Global Sky Express on August 9, 2024. Global Sky Express is currently undergoing the dissolution and liquidation process after passing a resolution for its dissolution at its extraordinary shareholders' meeting on September 5, 2024.

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Investments in associates	\$ 813,486	\$ 860,285
Investments in joint ventures	<u>1,473,667</u>	<u>876,950</u>
	<u>\$ 2,287,153</u>	<u>\$ 1,737,235</u>

##### a. Investments in associates

The investments in associates were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Unlisted companies</u>		
Airport Air Cargo Terminal (Xiamen)	\$ 575,016	\$ 511,283
Airport Air Cargo Service (Xiamen)	194,170	299,972
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	<u>44,300</u>	<u>49,030</u>
	<u>\$ 813,486</u>	<u>\$ 860,285</u>

At the end of the reporting period, the proportion of ownership and voting rights of associates held by the Group were as follows:

	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
<b>Name of Associate</b>	<b>2024</b>	<b>2023</b>
Airport Air Cargo Terminal (Xiamen)	28%	28%
Airport Air Cargo Service (Xiamen)	28%	28%
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	35%	35%

The share of profit or loss of associates accounted for using the equity method was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Airport Air Cargo Terminal (Xiamen)	\$ 44,077	\$ 28,125
Airport Air Cargo Service (Xiamen)	24,782	20,017
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	<u>4,807</u>	<u>4,390</u>
	<u>\$ 73,666</u>	<u>\$ 52,532</u>

The Group's share of other comprehensive income of associates accounted for using the equity method amounted to \$0 for the years ended December 31, 2024 and 2023.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on these investees' financial statements which have been audited, for Eastern United International Logistics (Holding) Ltd (Hong Kong). However, the management determined that there would have been no significant adjustments had these investees' financial statements been independently audited.

Dynasty Holidays was classified as an associate accounted for using the equity method. On May 31, 2022, the provisional shareholders' meeting was held, and the shareholders resolved to dissolve Dynasty Holidays, and the liquidation process has completed in June 2023. The Company increased its liquidation income by \$2,523 thousand.

b. Investments in joint ventures

The investments in joint ventures were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
China Pacific Catering Services	\$ 1,353,902	\$ 767,615
China Pacific Laundry Services	119,765	101,705
NORDAM Asia Ltd.	-	-
Delica International Co., Ltd.	<u>-</u>	<u>7,630</u>
	<u>\$ 1,473,667</u>	<u>\$ 876,950</u>

At the end of the reporting period, the proportion of ownership and voting rights in joint ventures held by the Group were as follows:

	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
China Pacific Catering Services	51%	51%
China Pacific Laundry Services	55%	55%
NORDAM Asia Ltd.	49%	49%
Delica International Co., Ltd.	-	51%

The Group entered into a joint venture agreement with the Swire Group to invest in China Pacific Catering Services and China Pacific Laundry Services. According to the agreement, both parties have the right to make motion votes on the board of directors, and therefore, the Group does not have control.

NORDAM Asia was classified as an associate accounted for using the equity method. On October 27, 2023, the provisional shareholders' meeting was held, and the shareholders resolved to dissolve NORDAM Asia, and the liquidation process has been in progress.

To expand the Group's catering business, Kaohsiung Catering entered into a joint venture agreement with a Japanese brand company to invest in Delica International Co, Ltd., with the Japanese brand company having the right to make decisions on operations, and therefore, the Group does not have control. On March 1, 2024, the provisional shareholders' meeting was held, and the shareholders resolved to dissolve Delica International Co., Ltd., and the liquidation process has been in progress. On August 26, 2024, the extraordinary shareholders' meeting passed a resolution to approve the final settlement statements of the liquidation, as well as the distribution amount and method of the remaining assets. Kaohsiung Air Catering recognized a loss of \$29 thousand from the disposal of its investment under the equity method.

In June 2024, China Pacific Catering Services Company had a capital increase from earnings by \$560,000 thousand. After the capital increase, the Company's ownership percentage remained.

The share of profit or loss of joint ventures accounted for using the equity method was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
China Pacific Catering Services	\$ 572,365	\$ 371,539
China Pacific Laundry Services	17,205	12,514
NORDAM Asia Ltd.	-	(19,196)
Delica International Co., Ltd.	<u>-</u>	<u>96</u>
	<u>\$ 589,570</u>	<u>\$ 364,953</u>

The Group's shares of other comprehensive income of joint ventures accounted for using the equity method for the years ended December 31, 2024 and 2023 were \$14,777 thousand and \$(55,639) thousand, respectively.

Except for NORDAM Asia and DELICA International, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on these investees' financial statements which have been audited. However, the management determined that there would have been no significant adjustments had these investees' financial statements been independently audited.

For information on the major businesses and products and the locations of registration for the major business offices of the above entities, refer to Tables 7 (names, locations, and related information of investees on which the Company exercises significant influence) and Table 8 (investment in mainland China) following the notes to the consolidated financial statements.

## 15. PROPERTY, PLANT AND EQUIPMENT

	<b>Freehold Land</b>	<b>Buildings</b>	<b>Flight Equipment</b>	<b>Others</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2023	\$ 995,869	\$ 16,078,284	\$ 256,431,520	\$ 18,281,257	\$ 291,786,930
Additions	-	122,706	1,413,490	461,382	1,997,578
Disposals	-	(1,263)	(23,236,983)	(585,983)	(23,824,229)
Reclassification	-	1,565	(6,815,126)	84,733	(6,728,828)
Net exchange differences	<u>1,668</u>	<u>3,187</u>	<u>-</u>	<u>279</u>	<u>5,134</u>
Balance at December 31, 2023	<u>\$ 997,537</u>	<u>\$ 16,204,479</u>	<u>\$ 227,792,901</u>	<u>\$ 18,241,668</u>	<u>\$ 263,236,585</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2023	\$ -	\$ (8,113,161)	\$ (142,420,987)	\$ (13,045,378)	\$ (163,579,526)
Depreciation expense	-	(503,359)	(15,380,355)	(963,355)	(16,847,069)
Disposals	-	1,255	20,865,317	588,564	21,455,136
Reclassification	-	-	19,996,073	6,204	20,002,277
Net exchange differences	-	(1,734)	-	(947)	(2,681)
Impairment losses	<u>-</u>	<u>-</u>	<u>(921,991)</u>	<u>-</u>	<u>(921,991)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ (8,616,999)</u>	<u>\$ (117,861,943)</u>	<u>\$ (13,414,912)</u>	<u>\$ (139,893,854)</u>
Balance at December 31, 2023, net value	<u>\$ 997,537</u>	<u>\$ 7,587,480</u>	<u>\$ 109,930,958</u>	<u>\$ 4,826,756</u>	<u>\$ 123,342,731</u>

(Continued)

	Freehold Land	Buildings	Flight Equipment	Others	Total
<u>Cost</u>					
Balance at January 1, 2024	\$ 997,537	\$ 16,204,479	\$ 227,792,901	\$ 18,241,668	\$ 263,236,585
Additions	-	284,241	3,535,453	765,260	4,584,954
Disposals	-	(4,466)	(4,193,937)	(450,033)	(4,648,436)
Reclassification	-	485	(10,882,797)	61,479	(10,820,833)
Net exchange differences	<u>35,662</u>	<u>67,429</u>	<u>-</u>	<u>7,804</u>	<u>110,895</u>
Balance at December 31, 2024	<u>\$ 1,033,199</u>	<u>\$ 16,552,168</u>	<u>\$ 216,251,620</u>	<u>\$ 18,626,178</u>	<u>\$ 252,463,165</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2024	\$ -	\$ (8,616,999)	\$ (117,861,943)	\$ (13,414,912)	\$ (139,893,854)
Depreciation expense	-	(507,913)	(14,367,889)	(954,981)	(15,830,783)
Disposals	-	3,682	3,878,912	445,298	4,327,892
Reclassification	-	-	25,154,787	223	25,155,010
Net exchange differences	-	(41,028)	-	(6,649)	(47,677)
Impairment losses	<u>-</u>	<u>-</u>	<u>(121,175)</u>	<u>(64,615)</u>	<u>(185,790)</u>
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ (9,162,258)</u>	<u>\$ (103,317,308)</u>	<u>\$ (13,995,636)</u>	<u>\$ (126,475,202)</u>
Balance at December 31, 2024, net value	<u>\$ 1,033,199</u>	<u>\$ 7,389,910</u>	<u>\$ 112,934,312</u>	<u>\$ 4,630,542</u>	<u>\$ 125,987,963</u>
					(Concluded)

Reclassification is mainly resulted from the transfer of prepayments for equipment and adaption of non-current assets held for sale.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	
Main buildings	45-55 years
Others	10-25 years
Machinery equipment	
Electro-mechanical equipment	25 years
Others	3-13 years
Office equipment	3-15 years
Leasehold improvements	
Building improvements	5 years
Others	3-5 years
Assets leased to others	3-5 years
Flight equipment and equipment under finance leases	
Airframes	12-22 years
Aircraft cabins	10-13 years
Engines	12-20 years
Heavy maintenance on aircraft	6-8 years
Engine overhauls	2-7 years
Landing gear overhauls	6-12 years
Repairable spare parts	3-15 years
Leased aircraft improvements	5-12 years
Flight simulation training equipment.	18-25 years
Nonexpendable apparatus of flight simulation training equipment.	8 years

To replace aging aircraft and revitalize the fleet, the Company's board of directors resolved the sale of five, two and five 747-400F aircraft on May 10, August 9, 2023 and March 8, 2024, respectively.

Considering the changes in model mix and phase-out plans, the Group used the fair value (Level 3) deducting transaction costs as the recoverable amount of some flight equipment and the recognized impairment losses of \$121,175 thousand and \$921,991 thousand for the years ended December 31, 2024 and 2023, respectively. The fair value was determined with reference to factors such as the condition of the flight equipment and possible market estimates.

Refer to Note 33 for the carrying amounts of property, plant and equipment pledged by the Group.

Based on the particularity of risk in the aviation industry, all of the Group's assets such as aircraft, real estate, and movable property are adequately insured to diversify the potential risk related to operations.

## 16. INVESTMENT PROPERTIES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Carrying amount		
Investment properties	<u>\$ 2,071,558</u>	<u>\$ 2,071,785</u>

The investment properties held by the Group were land located in Nankan and buildings in Taipei, which were all leased to other parties. The buildings are depreciated on a straight-line basis over 55 years.

The fair values of the investment properties held by the Group both were \$3,137,644 thousand as of December 31, 2024 and 2023, respectively. The above fair value valuations were performed by independent qualified professional valuers, and the future income evaluated by management was based on market transactions.

All of the Group's investment properties were held under freehold interests.

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Value</b>
Balance at January 1, 2023	\$ 2,079,230	\$ (7,218)	\$ 2,072,012
Depreciation expense	-	(227)	(227)
Reclassification	<u>(25)</u>	<u>25</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 2,079,205</u>	<u>\$ (7,420)</u>	<u>\$ 2,071,785</u>
Balance at January 1, 2024	\$ 2,079,205	\$ (7,420)	\$ 2,071,785
Depreciation expense	<u>-</u>	<u>(227)</u>	<u>(227)</u>
Balance at December 31, 2024	<u>\$ 2,079,205</u>	<u>\$ (7,647)</u>	<u>\$ 2,071,558</u>

## 17. OTHER INTANGIBLE ASSETS

	Computer Software Cost	Others	Accumulated Amortization	Net Value
Balance at January 1, 2023	\$ 1,913,404	\$ 168,280	\$ (1,198,264)	\$ 883,420
Additions	151,653	-	-	151,653
Reclassification	(85,186)	-	65,279	(19,907)
Amortization expense	-	-	(223,600)	(223,600)
Disposals	(3,381)	-	3,381	-
Effects of exchange rate changes	-	-	1	1
Balance at December 31, 2023	<u>\$ 1,976,490</u>	<u>\$ 168,280</u>	<u>\$ (1,353,203)</u>	<u>\$ 791,567</u>
Balance at January 1, 2024	\$ 1,976,490	\$ 168,280	\$ (1,353,203)	\$ 791,567
Additions	204,263	-	-	204,263
Reclassification	(205,689)	-	205,671	(18)
Amortization expense	-	-	(210,221)	(210,221)
Impairment loss	-	-	(794)	(794)
Disposals	(648)	-	648	-
Effects of exchange rate changes	-	-	2	2
Balance at December 31, 2024	<u>\$ 1,974,416</u>	<u>\$ 168,280</u>	<u>\$ (1,357,897)</u>	<u>\$ 784,799</u>

The above items of other intangible assets are amortized on a straight-line basis over 2-16 years.

## 18. OTHER ASSETS

	December 31	
	2024	2023
<u>Current</u>		
Temporary payments	\$ 471,305	\$ 456,611
Prepayments	833,966	729,226
Restricted assets	13,159	13,954
Others	<u>377,845</u>	<u>393,699</u>
	<u>\$ 1,696,275</u>	<u>\$ 1,593,490</u>
<u>Non-current</u>		
Prepayments for aircraft	\$ 30,186,059	\$ 28,814,500
Prepayments - long-term	1,928,627	2,567,078
Refundable deposits	784,971	877,753
Restricted assets	299,758	378,179
Other financial assets	9,101	11,815
Others	<u>14,294</u>	<u>16,325</u>
	<u>\$ 33,222,810</u>	<u>\$ 32,665,650</u>

The prepayments for aircraft are comprised of prepaid deposits and capitalized interest from the purchase of A321neo, A320neo, ATR72-600, B777F, B787-9, B787-10, 777-9 and 777-8F aircraft. For details of the contract for the purchase of the aircraft, refer to Note 34.



## 19. BORROWINGS

### a. Short-term borrowings

	December 31	
	2024	2023
Bank loans - unsecured	\$ <u>-</u>	\$ <u>35,000</u>
Interest rates	-	1.81%-2.10%

### b. Short-term bills payable

	December 31	
	2024	2023
Commercial paper	\$ <u>-</u>	\$ <u>20,000</u>
Annual discount rate	-	1.92%

### c. Long-term borrowings

	December 31	
	2024	2023
Unsecured bank loans	\$ 6,026,499	\$ 9,655,391
Secured bank loans	44,585,526	39,062,527
Commercial papers		
Proceeds from issue	20,430,000	16,470,000
Less: Unamortized discount	<u>45,432</u>	<u>40,561</u>
	70,996,593	65,147,357
Less: Current portion	<u>11,965,545</u>	<u>18,669,326</u>
	<u>\$ 59,031,048</u>	<u>\$ 46,478,031</u>
Interest rates	1.65%-2.38%	1.65%-2.25%

Secured bank loans are secured by flight equipment, buildings, and other equipment, refer to Note 33.

Bank loans (denominated in New Taiwan dollars) are repayable quarterly, semiannually or in lump sum upon maturity. The related information is summarized as follows:

	December 31	
	2024	2023
Periods	2009.2.4- 2036.12.28	2009.2.4- 2035.12.14

The Group has note issuance facilities (NIFs) obtained from certain financial institutions. The NIFs, with various maturities until August 2030, were used by the Group to guarantee commercial papers issued. As of December 31, 2024 and 2023, such commercial papers were issued at discount rates of 2.0853%-2.220% and 1.7368%-2.1730%, respectively.

In accordance with the “Regulations on Relief and Revitalization Measures for Industries and Enterprises Affected by Severe Pneumonia with Novel Pathogens” endorsed by the Ministry of Transportation and Communications and the “Operational Guides on Relief Loan Guarantees for Ailing Aviation Industry Affected by Severe Pneumonia with Novel Pathogens”, the Group applied for a special loan project to maintain its operations, and the fund along with subsidized interest rates were provided by the government. The total amount of the loans is \$35,480 million, which shall be repaid within 2 to 4 years from the date of initial drawdown. As of December 31, 2024, the Group had made a drawdown in the amount of \$34,800 million and repaid \$34,450 million of the drawdown.

## 20. BONDS PAYABLE

	December 31	
	2024	2023
Unsecured corporate bonds first-time issued in 2017	\$ -	\$ 1,000,000
Unsecured corporate bonds first-time issued in 2018	1,025,000	2,050,000
Unsecured corporate bonds first-time issued in 2019	1,250,000	2,375,000
Unsecured corporate bonds first-time issued in 2023	2,650,000	2,650,000
Convertible bonds - seventh-time issued	<u>1,144,339</u>	<u>1,573,814</u>
	6,069,339	9,648,814
Less: Current portion and put option of convertible bonds	<u>1,650,000</u>	<u>4,723,814</u>
	<u>\$ 4,419,339</u>	<u>\$ 4,925,000</u>

Related issuance conditions were as follows:

Category	Period	Conditions	Rate (%)
Seven-year private unsecured bonds - issued at par in May 2017; repayable on due date; interest of 1.75% p.a., payable annually	2017.05.19-2024.05.19	Principal repayable on due date; indicator rate; payable annually	1.75
Seven-year private unsecured bonds - issued at par in November 2018; repayable in November 2024 and 2025; 1.45% interest p.a., payable annually	2018.11.30-2025.11.30	Principal repayable in November of 2024 and 2025; indicator rate; payable annually	1.45
Five-year private unsecured bonds - issued at par in June 2019; repayable in June 2023 and 2024; 1.10% interest p.a., payable annually	2019.06.21-2024.06.21	Principal repayable in June of 2023 and 2024; indicator rate; payable annually	1.10
Seven-year private unsecured bonds - issued at par in June 2019; repayable in June 2025 and 2026; 1.32% interest p.a., payable annually	2019.06.21-2026.06.21	Principal repayable in June of 2025 and 2026; indicator rate; payable annually	1.32
Five-year private unsecured bonds - issued at par in May 2023; repayable in May 2027 and 2028; 1.90% interest p.a., payable annually	2023.05.22-2028.05.22	Principal repayable in May of 2027 and 2028; indicator rate; payable annually	1.90
Five-year convertible bonds - issued at discount in April 2021; repayable in lump sum upon maturity; 0.8612% discount rate p.a.	2021.4.28-2026.4.28	Unless bonds are converted to share capital or redeemed, principal repayable one time in April of 2026; 0.8612 discount rate p.a.	-

- a. The Company issued the seventh issue of its unsecured convertible bonds, and the issuance conditions were as follows:

- 1) The holders may demand a lump-sum payment for the bonds upon maturity.
- 2) The holders can request that the Company repurchase their bonds at face value on the third anniversary of the offering date. The holders can exercise the right to sell on April 28, 2024.
- 3) The Company may redeem the bonds at face value between July 28, 2021 and March 18, 2026 under certain conditions.
- 4) Between July 28, 2021 and April 28, 2026 (except for the period between the former dividend date and the date of the dividend declaration on record), holders may convert their bonds into the Company's ordinary shares. The initial conversion price was set at NT\$19 per share, which is subject to adjustment if there is a capital injection by cash or share dividend distribution. Because the Company distributed cash dividends on July 24, 2024, the conversion price was adjusted to NT\$17.5. As of December 31, 2024, a total face value of \$3,342,800 thousand of convertible bonds was converted into 179,776 thousand ordinary shares of the Company.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 0.8612% per annum on initial recognition.

Proceeds from issuance	\$ 4,500,000
Equity component	<u>(188,862)</u>
Liability component at the date of issuance	4,311,138
Interest charged at an effective interest rate	62,436
Convertible bonds converted into ordinary shares	<u>(2,799,760)</u>
Liability component at December 31, 2023	1,573,814
Interest charged at an effective interest rate	13,502
Convertible bonds converted into ordinary shares	<u>(442,977)</u>
Liability component at December 31, 2024	<u>\$ 1,144,339</u>

- b. On March 9, 2023, the board of directors of the Company resolved to issue unsecured corporate bonds. The unsecured corporate bonds may be issued in installments throughout 2023 with a limited total face value of \$8,000 million. The face value of a bond is \$1,000 thousand. As of December 31, 2024, \$2,650 million had been issued.
- c. On March 8, 2024, the board of directors of the Company resolved to issue unsecured corporate bonds. The unsecured corporate bonds may be issued in installments throughout 2024 with a limited total face value of \$8,000 million and had not yet been issued as of December 31, 2024.
- d. On March 10, 2025, the board of directors of the Company resolved to issue unsecured corporate bonds. The unsecured corporate bonds may be issued in installments throughout 2025 with a limited total face value of \$8,000 million.

## 21. LEASE AGREEMENTS

### a. Right-of-use assets

		<b>December 31</b>	
		<b>2024</b>	<b>2023</b>
Carrying amount			
Land	\$	6,604,427	\$ 5,501,123
Buildings		2,913,530	3,106,392
Flight equipment		47,408,755	43,607,168
Other equipment		<u>46,274</u>	<u>16,400</u>
	\$	<u>56,972,986</u>	<u>\$ 52,231,083</u>
		<b>For the Year Ended December 31</b>	
		<b>2024</b>	<b>2023</b>
Additions to right-of-use assets	\$	<u>20,989,577</u>	<u>\$ 7,653,438</u>
Depreciation for right-of-use assets			
Land	\$	431,541	\$ 406,103
Buildings		812,583	755,774
Flight equipment		12,177,170	12,420,040
Other equipment		<u>7,989</u>	<u>4,137</u>
	\$	<u>13,429,283</u>	<u>\$ 13,586,054</u>

### b. Lease liabilities

		<b>December 31</b>	
		<b>2024</b>	<b>2023</b>
Carrying amount			
Current	\$	<u>3,643,176</u>	<u>\$ 3,364,630</u>
Non-current	\$	<u>16,822,260</u>	<u>\$ 15,783,549</u>

Range of discount rates for lease liabilities (include leases denominated in USD designated as hedging instruments):

		<b>December 31</b>	
		<b>2024</b>	<b>2023</b>
Land		0%-1.92%	0%-1.80%
Buildings		0%-4.65%	0%-4.65%
Flight equipment		0.74%-5.73%	0.68%-5.73%
Other equipment		0%-1.74%	0%-1.65%

c. Financial liabilities under hedge accounting

The Group specifies a part of aircraft leases denominated in USD as hedging instruments to avoid exchange rate fluctuations in passenger revenue and applies the accounting treatment of cash flow hedging. The lease information is as follows:

	<b>Maturity Date</b>	<b>Subject</b>	<b>Carrying Value</b>
December 31, 2024	2025.8.23-2036.7.4	Financial liabilities for hedging - current	\$ 9,649,668
		Financial liabilities for hedging - non-current	31,970,060
December 31, 2023	2024.5.1-2034.12.31	Financial liabilities for hedging - current	8,766,634
		Financial liabilities for hedging - non-current	26,094,250

Influence of comprehensive income (loss)

	<b>Recognized in Other Comprehensive Income (Loss)</b>	<b>Reclassified to Income</b>
For the year ended December 31, 2024	\$ (2,002,745)	\$ (425,264)
For the year ended December 31, 2023	127,327	(329,884)

d. Material leasing activities and terms

China Airlines, Mandarin Airlines and Tigerair Taiwan Co., Ltd. leased one A350-900 plane, ten 777-300ER planes, thirteen A330-300 planes, ten 737-800 planes, eight A320-200 planes, six A320neo planes, thirteen A321neo planes and three ATR72-600 planes for operation, lease periods are 4 to 16 years from March 2015 to July 2036. The rental pricing method is partly a fixed amount of funds, and some of them are floating rents; floating rents are according to benchmark ratio, and the rent is revised every half year. When the lease expires, the lessee does not have purchase rights.

The information of refundable deposits and letter of credit due to rental of planes:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Refundable deposits	\$ 356,103	\$ 384,035
Credit guarantees	2,020,580	1,755,126

CAL Park, and Taoyuan International Airport Service signed a BOT contract with a land lease agreement, for the details for the lease agreement, please refer to Note 34. The lease includes an option to extend the lease, as it is not possible to extend the lease, the amount of the lease related to the period covered by the option is not included in the lease liability. If the amount of the extended lease period is included in the lease liability, the lease liability would have increased by \$933,989 thousand and \$921,583 thousand on December 31, 2024 and 2023, respectively.

Taiwan Air Cargo Terminal Co. and Civil Aeronautics Administration (CAA) signed a BOT contract with a land lease agreement. For details, please refer to Note 34.

e. Lease agreement signed but not yet delivered

In October 2019, the Company signed a rental contract for eight A321neo with CALC Lease Corporation, which is expected to be introduced between 2022 and 2025. As of December 31, 2024, seven A321neo have been delivered.

In February 2020, Tigerair Taiwan Co., Ltd. signed a rental contract for eight A320neo with ICBC Lease Corporation, which is expected to be delivered between 2021 and 2025. As of December 31, 2024, six A320neo have been delivered.

The Group also signed related aircraft purchase agreement, please refer to Note 34 for details.

f. Aircraft leases

In order to revitalize assets, the Company signed a lease agreement for two 747-400F aircraft with US Cargo Company in August 2021 and September 2021, respectively. The lease commencement dates were on July 15 and October 10, 2022, respectively. Due to early termination of the lease agreements, these two cargo aircraft were sold to Icelandic owner Air Atlanta Icelandic in August 2023. One of the cargo aircraft was sold on a finance lease basis, and ownership can only be obtained after the payment is paid in accordance with the 24-installment payment schedule.

Finance lease receivables

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Undiscounted lease payments</u>		
Year 1	\$ 205,513	\$ 289,300
Year 2	-	192,866
	205,513	482,166
Less: Unearned finance income	(5,291)	(28,310)
Net investment in leases presented as finance lease receivables	<u>\$ 200,222</u>	<u>\$ 453,856</u>
Current	<u>\$ 200,222</u>	<u>\$ 265,955</u>
Non-current	<u>\$ -</u>	<u>\$ 187,901</u>

The Group measures the loss allowance for finance lease receivables at an amount equals to lifetime ECLs. As of the date of balance sheet, no finance lease receivable was past due. The Group has not recognized a loss allowance for finance lease receivables after considering the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables.

g. Other lease information

The Group use operating lease agreement for investment properties, refer to Note 16.

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term leases and low-value asset leases	\$ 96,438	\$ 101,822
Total cash outflow for leases	<u>\$ (15,015,039)</u>	<u>\$ (15,184,558)</u>

The Group chooses to waive the recognition of the contract provisions for short-term leases and low-value asset leases and does not recognize the related right-of-use assets and lease liabilities for such leases.

## 22. OTHER PAYABLES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 9,621,200	\$ 5,655,168
Fuel costs	3,896,608	4,740,640
Repair expenses	2,076,368	1,967,750
Ground service expenses	903,547	953,666
Terminal surcharges	1,032,086	922,902
Commission expenses	239,947	277,088
Finance costs	195,166	156,502
Others	<u>3,485,219</u>	<u>3,076,799</u>
	<u>\$ 21,450,141</u>	<u>\$ 17,750,515</u>

## 23. CONTRACT LIABILITIES

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Frequent flyer program	\$ 5,863,373	\$ 3,942,955
Advance ticket sales	28,549,379	25,476,241
Others	<u>88,389</u>	<u>18,219</u>
	<u>\$ 34,501,141</u>	<u>\$ 29,437,415</u>
Current	\$ 29,651,212	\$ 26,473,116
Non-current	<u>4,849,929</u>	<u>2,964,299</u>
	<u>\$ 34,501,141</u>	<u>\$ 29,437,415</u>

## 24. PROVISIONS

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Operating leases - aircraft	<u>\$ 20,916,341</u>	<u>\$ 19,608,003</u>
Current	\$ 1,679,375	\$ 2,742,402
Non-current	<u>19,236,966</u>	<u>16,865,601</u>
	<u>\$ 20,916,341</u>	<u>\$ 19,608,003</u>

	<b>Aircraft Lease Contracts</b>
Balance at January 1, 2023	\$ 20,962,933
Additional provisions recognized	6,192,669
Usage	(7,429,593)
Unwinding of discounts and effects of changes in the discount rate	13,051
Effects of foreign currency exchange differences	<u>(131,057)</u>
Balance at December 31, 2023	<u>\$ 19,608,003</u>
Balance at January 1, 2024	\$ 19,608,003
Additional provisions recognized	4,785,011
Usage	(4,333,478)
Unwinding of discounts and effects of changes in the discount rate	27,222
Effects of foreign currency exchange differences	<u>829,583</u>
Balance at December 31, 2024	<u>\$ 20,916,341</u>

The Group leased flight equipment under operating lease agreements. Under the contracts, when the leases expire and the equipment is returned to the lessor, the flight equipment has to be repaired according to the expected years of use, number of flight hours, flight cycles and the number of engine revolution. The Group had existing obligations to recognize provisions when signing a lease or during the lease term. Tigerair Taiwan Co., Ltd. also leased flight equipment under operating lease agreements. In accordance with the contract, Tigerair Taiwan Co., Ltd. had to pay the maintenance reserve monthly accounted for by using the actual number of flight hours.

## **25. RETIREMENT BENEFIT PLANS**

### **a. Defined contribution plans**

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Employees of the Group's subsidiaries in the United States and Japan are members of the United States and Japan government retirement benefit plans. Subsidiaries should appropriate a specific amount to retirement benefit plans. The obligation to the government retirement benefit plans of the Group is to appropriate a specific amount.

### **b. Defined benefit plans**

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company and subsidiary contribute amounts equal to 2%-15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.



The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Present value of defined benefit obligation	\$ 21,876,955	\$ 20,606,320
Fair value of plan assets	<u>(12,071,557)</u>	<u>(10,908,890)</u>
Deficit	<u>\$ 9,805,398</u>	<u>\$ 9,697,430</u>
Net defined benefit liabilities	<u>\$ 9,819,692</u>	<u>\$ 9,706,647</u>
Net defined benefit assets	<u>\$ 14,294</u>	<u>\$ 9,217</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2023	<u>\$ 19,794,148</u>	<u>\$ (10,575,834)</u>	<u>\$ 9,218,314</u>
Service cost			
Current service cost	1,121,551	-	1,121,551
Past service cost and loss on settlements	187	-	187
Net interest expense (income)	<u>245,318</u>	<u>(132,177)</u>	<u>113,141</u>
Recognized in profit or loss	<u>1,367,056</u>	<u>(132,177)</u>	<u>1,234,879</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	17,834	(91,546)	(73,712)
Actuarial loss - changes in demographic assumptions	123,589	-	123,589
Actuarial loss - changes in financial assumptions	146,470	-	146,470
Actuarial loss - experience adjustments	<u>452,640</u>	<u>-</u>	<u>452,640</u>
Recognized in other comprehensive income	<u>740,533</u>	<u>(91,546)</u>	<u>648,987</u>
Contributions from the employer	31	(1,238,085)	(1,238,054)
Benefits paid	(1,128,752)	1,128,752	-
Direct payment to employees	<u>(166,696)</u>	<u>-</u>	<u>(166,696)</u>
Balance at December 31, 2023	<u>20,606,320</u>	<u>(10,908,890)</u>	<u>9,697,430</u>
Service cost			
Current service cost	1,202,876	-	1,202,876
Past service cost and loss on settlements	231	-	231
Net interest expense (income)	<u>236,346</u>	<u>(126,766)</u>	<u>109,580</u>
Recognized in profit or loss	<u>1,439,453</u>	<u>(126,766)</u>	<u>1,312,687</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	16,660	(973,123)	(956,463)
Actuarial loss - changes in demographic assumptions	35,859	-	35,859
Actuarial loss - changes in financial assumptions	1,097,017	-	1,097,017
Actuarial loss - experience adjustments	<u>208,843</u>	<u>-</u>	<u>208,843</u>
Recognized in other comprehensive income	<u>1,358,379</u>	<u>(973,123)</u>	<u>385,256</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Contributions from the employer	\$ (13,923)	\$ (1,503,885)	\$ (1,517,808)
Benefits paid	(1,427,184)	1,441,107	13,923
Direct payment to employees	(100,677)	-	(100,677)
Exchange differences on foreign plans	<u>14,587</u>	<u>-</u>	<u>14,587</u>
Balance at December 31, 2024	<u>\$ 21,876,955</u>	<u>\$ (12,071,557)</u>	<u>\$ 9,805,398</u> (Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rate	1.50%-1.60%	1.13%-1.28%
Expected rate of salary increase	1.00%-3.00%	1.00%-3.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Discount rate		
0.25% increase	\$ (419,683)	\$ (411,212)
0.25% decrease	436,843	414,349
Expected rate of salary increase		
0.5% increase	817,464	809,727
0.5% decrease	(776,126)	(768,321)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Expected contributions to the plan for the next year	<u>\$ 1,114,375</u>	<u>\$ 1,078,204</u>
Average duration of the defined benefit obligation	7-9 years	7-10 years

## 26. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Number of shares authorized (in thousands of shares)	<u>7,000,000</u>	<u>7,000,000</u>
Amount of shares authorized	<u>\$ 70,000,000</u>	<u>\$ 70,000,000</u>
Amount of shares issued	<u>\$ 60,769,350</u>	<u>\$ 60,513,407</u>

The Company issued the 7th domestic unsecured convertible bonds, and the holders of the convertible bonds applied for conversion in the amount of \$448,100 thousand and \$683,500 thousand, respectively, for the years ended December 31, 2024 and 2023. The number of ordinary shares exchanged was 25,594 thousand and 37,803 thousand, respectively and entitled to registration change after the issuance of new shares.

### b. Capital surplus

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of convertible bonds in excess of par value and conversion premium	\$ 2,569,080	\$ 2,382,046
Dividend distributed to subsidiaries	4,111	2,680
Expired equity component of convertible bonds	977,041	958,221
Difference between consideration and carrying amount arising from the disposal of subsidiaries' stock	1,425,334	-
<u>May only be used to offset a deficit (2)</u>		
Long-term investments	805,344	476,712
<u>May not be used for any purpose</u>		
Equity component of convertible bonds	<u>48,567</u>	<u>67,387</u>
	<u>\$ 5,829,477</u>	<u>\$ 3,887,046</u>

- 1) Such capital surplus may be used to offset deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Appropriation of earnings and dividend policy

The Company resolved and recognized to amend the Company Act in the shareholders' meeting on May 30, 2024. Under the dividend policy as set forth in the amended Company Act, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. The profit can be distributed in the form of new shares or cash, and the cash dividends should be no less than 30% of the total dividends.

Under the Company Act before the amendments, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations. Then, if any remaining profit together with any undistributed retained earnings, it shall be used by the Company's board of directors as the basis for proposing a distribution plan that dividends and bonus shall be no less than 50% of the remaining profit and undistributed retained earnings. The dividends and bonus mentioned above can be distributed in the form of new shares or cash, and the cash dividends should be no less than 30% of the total dividends. If surplus earnings are distributed in the form of new shares, the distribution of shares shall be resolved in the shareholders' meeting; if such earnings are distributed in the form of cash, the cash distribution shall be authorized after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition, a report of such distribution shall be submitted to the shareholders' meeting. If the Company has no loss, according to laws and regulations, the Company can distribute its capital reserve, in whole or in part, by issuing new shares or cash based on financial, business and management considerations. If such capital reserve is distributed in the form of new shares, it shall be resolved by a meeting of the shareholders; if such capital reserve is distributed in the form of cash, it shall be authorized after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The distribution of dividends should be resolved and recognized in the shareholders' meeting in the current year.

1) Appropriation of earnings in 2022

The appropriation of earnings in 2022 which was resolved and recognized in the shareholders' meeting on May 31, 2023 is as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 305,592	\$ -
Special reserve	534,375	-
Cash dividends	2,772,207	0.4602191

2) Appropriation of earnings in 2023

The appropriation of earnings in 2023 which was resolved and recognized in the shareholders' meeting on May 30, 2024 is as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 637,399	\$ -
Special reserve	155,639	-
Cash dividends	4,176,580	0.69016808

The cash dividend per share for 2023 was adjusted from NT\$0.69016808 to NT\$0.69014527 per share. The adjustment was due to the net increase of outstanding common shares from the Company issued the 7th domestic unsecured convertible bonds of the convertible bonds applied for conversion.

d. Other equity items

The movement of other equity items is as follows:

	<b>Exchange Differences on the Translation of the Financial Statements of Foreign Operations</b>	<b>Unrealized Gain (Loss) on Financial Assets at FVTOCI</b>	<b>Gain (Loss) on Hedging Instruments</b>	<b>Total</b>
Balance at January 1, 2023	\$ (4,298)	\$ 40,918	\$ (570,995)	\$ (534,375)
Exchange differences on translation of the financial statements of foreign operations	(10,086)	-	-	(10,086)
Cumulative (loss) gain on changes in fair value of hedging instruments	-	-	(628,201)	(628,201)
Cumulative gain (loss) on changes in fair value of hedging instruments reclassified to profit or loss	-	-	344,884	344,884
Unrealized (loss) gain on financial assets at FVTOCI	-	(18,154)	-	(18,154)
Effects of income tax	<u>1,419</u>	<u>(38)</u>	<u>(14,307)</u>	<u>(12,926)</u>
Other comprehensive (loss) income recognized in the period	<u>(8,667)</u>	<u>(18,192)</u>	<u>(297,624)</u>	<u>(324,483)</u>
Transferred to initial carrying amount of hedged items	<u>-</u>	<u>-</u>	<u>168,844</u>	<u>168,844</u>
Balance at December 31, 2023	<u>\$ (12,965)</u>	<u>\$ 22,726</u>	<u>\$ (699,775)</u>	<u>\$ (690,014)</u>

(Continued)

	<b>Exchange Differences on the Translation of the Financial Statements of Foreign Operations</b>	<b>Unrealized Gain (Loss) on Financial Assets at FVTOCI</b>	<b>Gain (Loss) on Hedging Instruments</b>	<b>Total</b>
Balance at January 1, 2024	\$ (12,965)	\$ 22,726	\$ (699,775)	\$ (690,014)
Exchange differences on translation of the financial statements of foreign operations	127,059	-	-	127,059
Cumulative (loss) gain on changes in fair value of hedging instruments	-	-	(1,476,691)	(1,476,691)
Cumulative gain (loss) on changes in fair value of hedging instruments reclassified to profit or loss	-	-	399,797	399,797
Unrealized gain (loss) on financial assets at FVTOCI	-	34,781	-	34,781
Effects of income tax	<u>(25,413)</u>	<u>(6,894)</u>	<u>385,492</u>	<u>353,185</u>
Other comprehensive income (loss) recognized in the period	<u>101,646</u>	<u>27,887</u>	<u>(691,402)</u>	<u>(561,869)</u>
Transferred to initial carrying amount of hedged items/ineffective portion of hedges	<u>-</u>	<u>-</u>	<u>(292,936)</u>	<u>(292,936)</u>
Balance at December 31, 2024	<u>\$ 88,681</u>	<u>\$ 50,613</u>	<u>\$ (1,684,113)</u>	<u>\$ (1,544,819)</u>

(Concluded)

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 2,887,755	\$ 2,453,241
Net income attributable to non-controlling interests	1,111,843	652,649
Other comprehensive income recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	7,930	(2,486)
Actuarial losses and gains on defined benefit plans	(193,243)	(162,838)
Cash flow hedge on changes in fair value of hedging instruments	2,660	(1,689)
Cumulative (loss) gain arising on changes in fair value of hedging instruments reclassified to loss or profit	(2,574)	1,119
Effects of income tax	<u>36,161</u>	<u>31,977</u>
	<u>(149,066)</u>	<u>(133,917)</u>
Outstanding share options held by employees of subsidiaries	17,998	5,227
Actual disposal of partial equity interest in subsidiaries	533,510	-
Change in equity in subsidiaries	293,054	369,355
Proceeds from refund of the capital reduction of subsidiaries	-	(205,000)
Dividends paid by subsidiaries	<u>(146,868)</u>	<u>(253,800)</u>
Ending balance	<u>\$ 4,548,226</u>	<u>\$ 2,887,755</u>

f. Treasury shares

Treasury shares are the Company's shares held by its subsidiaries as of the reporting date and were as follows:

(In Thousands of Shares)

Period of Treasury Shares	Number of Shares, Beginning of Year	Reduction During the Year	Number of Shares, End of Year
For the year ended December 31, 2024	<u>2,075</u>	<u>-</u>	<u>2,075</u>
For the year ended December 31, 2023	<u>2,075</u>	<u>-</u>	<u>2,075</u>

Name of Subsidiary	Number of Shares (In Thousands)	Carrying Amount	Market Value
<u>December 31, 2024</u>			
Mandarin Airlines	2,075	<u>\$ 53,214</u>	<u>\$ 53,214</u>
<u>December 31, 2023</u>			
Mandarin Airlines	2,075	<u>\$ 44,916</u>	<u>\$ 44,916</u>

The above acquisitions by subsidiaries of the Company's shares in previous years was due to investment planning. The shares of the Company held by its subsidiaries were treated as treasury shares. The subsidiaries can exercise shareholders' right on these treasury shares, except for the right to subscribe for the Company's new shares and voting rights.

## 27. NET INCOME

a. Revenue

	<u>For the Year Ended December 31</u>	
	<b>2024</b>	<b>2023</b>
Passenger	\$ 127,919,428	\$ 115,722,524
Cargo	60,711,511	57,146,060
Others	<u>15,248,399</u>	<u>11,948,206</u>
	<u>\$ 203,879,338</u>	<u>\$ 184,816,790</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest income	\$ 2,231,421	\$ 1,802,654
Dividend income	18,717	21,662
Others	<u>507,405</u>	<u>381,484</u>
	<u>\$ 2,757,543</u>	<u>\$ 2,205,800</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Gain on disposal of property, plant and equipment	\$ 391,002	\$ 555,914
Gain (loss) on sale of non-current assets held for sale	9,753	(2,364)
Gain on financial assets mandatorily classified as at FVTPL	2,421	1,758
Net foreign exchange gain	194,661	808,734
Reversal of (impairment loss) recognized on flight equipment and other equipment	124,021	(1,901,450)
(Loss) gain on disposal of investments	(29)	2,523
Others	<u>(313,186)</u>	<u>(332,051)</u>
	<u>\$ 408,643</u>	<u>\$ (866,936)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Interest expense		
Bonds payable	\$ 121,310	\$ 144,279
Bank loans	813,381	976,139
Interest on lease liabilities	1,816,176	1,487,364
(Loss) gain arising from derivatives designated as hedging instruments in cash flow hedge accounting relationships reclassified from equity to profit or loss	<u>(831)</u>	<u>516</u>
Others	<u>5,671</u>	<u>-</u>
	<u>\$ 2,755,707</u>	<u>\$ 2,608,298</u>
Capitalization interest	\$ 588,876	\$ 392,969
Capitalization rate	1.84%-2.21%	1.64%-2.06%



e. Depreciation and amortization expense

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Property, plant, equipment	\$ 15,830,783	\$ 16,847,069
Right-of-use assets	13,429,283	13,586,054
Investment properties	227	227
Intangible assets	<u>210,221</u>	<u>223,600</u>
Depreciation and amortization expenses	<u>\$ 29,470,514</u>	<u>\$ 30,656,950</u>
An analysis of depreciation by function		
Operating costs	\$ 27,890,499	\$ 28,813,405
Operating expenses	<u>1,369,794</u>	<u>1,619,945</u>
	<u>\$ 29,260,293</u>	<u>\$ 30,433,350</u>
An analysis of amortization by function		
Operating costs	\$ 9,298	\$ 6,725
Operating expenses	<u>200,923</u>	<u>216,875</u>
	<u>\$ 210,221</u>	<u>\$ 223,600</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Post-employment benefits		
Defined contribution plan	\$ 689,068	\$ 565,088
Defined benefit plan	<u>1,312,687</u>	<u>1,234,879</u>
	<u>\$ 2,001,755</u>	<u>\$ 1,799,967</u>
Other employee benefits		
Salary expenses	\$ 29,333,102	\$ 22,302,781
Personnel service expenses	<u>8,922,958</u>	<u>7,337,182</u>
	<u>\$ 38,256,060</u>	<u>\$ 29,639,963</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 32,878,110	\$ 25,591,048
Operating expenses	<u>7,379,705</u>	<u>5,848,882</u>
	<u>\$ 40,257,815</u>	<u>\$ 31,439,930</u>

According to the Company's articles, the Company accrues compensation of employees at rates of no less than 3% of the net profit before income tax and compensation of employees. When the Company has an accumulated deficit, the Company shall set aside some amounts to offset the deficit in advance. For the years ended December 31, 2024 and 2023, the estimated amount of compensation of employees were \$711,954 thousand and \$249,138 thousand, respectively.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date that the annual consolidated financial statements are authorized for issue are adjusted in the year that the compensation and remuneration are recognized. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual appropriated amounts of compensation of employees and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 28. INCOME TAX

### a. Income tax expense recognized in profit or loss

The major components of tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax		
Current year	\$ 2,905,280	\$ 1,473,177
Adjustments for prior year	(21,289)	(44,432)
Deferred tax		
Current year	839,574	199,319
Adjustments for prior year	<u>57,309</u>	<u>206,207</u>
Income tax expense recognized in profit or loss	<u>\$ 3,780,874</u>	<u>\$ 1,834,271</u>

A reconciliation of accounting profit and income tax expense was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit before tax from continuing operations	<u>\$ 19,276,062</u>	<u>\$ 9,305,472</u>
Income tax expense calculated at the statutory rate (20%)	\$ 3,855,212	\$ 1,861,094
Effect of different tax of subsidiaries	(5,677)	1,698
Effect of adjustments to income tax:		
Non-deductible expenses in determining taxable income	13,906	13,747
Temporary differences	1,949	(233)
Tax-exempt income	(107,091)	(70,179)
Overseas income tax expense	7,516	16,883
Unrecognized loss carryforwards, investment tax credits and temporary difference	(22,220)	(152,086)
Adjustments for prior years' tax	(21,289)	(44,432)
Adjustments prior years' deferred tax	57,309	206,207
Others	<u>1,259</u>	<u>1,572</u>
Income tax expense recognized in profit or loss	<u>\$ 3,780,874</u>	<u>\$ 1,834,271</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Deferred tax</u>		
Recognized in other comprehensive income		
Translation of foreign operations	\$ (26,999)	\$ 712
Fair value changes of financial assets at FVTOCI	(6,894)	(38)
Fair value changes of hedging instruments for cash flow hedging	385,476	(14,192)
Remeasurement of defined benefit plans	<u>74,181</u>	<u>129,797</u>
Total income tax recognized in other comprehensive income	<u>\$ 425,764</u>	<u>\$ 116,279</u>

c. Deferred tax assets and liabilities

For the year ended December 31, 2024

	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Difference</b>	<b>Ending Balance</b>
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit plans	\$ 1,950,974	\$ (70,670)	\$ 75,153	\$ -	\$ 1,955,457
Frequent flyer programs	796,756	390,192	-	-	1,186,948
Maintenance reserves	2,781,159	253,634	-	-	3,034,793
Allowance for reduction of inventories	494,568	3,978	-	-	498,546
Tax losses	1,223,490	(712,557)	-	-	510,933
Others	<u>945,323</u>	<u>(599,052)</u>	<u>351,583</u>	<u>(3,018)</u>	<u>694,836</u>
	<u>\$ 8,192,270</u>	<u>\$ (734,475)</u>	<u>\$ 426,736</u>	<u>\$ (3,018)</u>	<u>\$ 7,881,513</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized foreign exchange gains	\$ 27,024	\$ 154,952	\$ -	\$ -	\$ 181,976
Defined benefit plans	1,666	63	972	-	2,701
Others	<u>168,209</u>	<u>7,393</u>	<u>-</u>	<u>694</u>	<u>176,296</u>
	<u>\$ 196,899</u>	<u>\$ 162,408</u>	<u>\$ 972</u>	<u>\$ 694</u>	<u>\$ 360,973</u>

For the year ended December 31, 2023

	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Difference</b>	<b>Ending Balance</b>
<u>Deferred tax assets</u>					
Temporary differences					
Defined benefit plans	\$ 1,854,113	\$ (30,454)	\$ 127,315	\$ -	\$ 1,950,974
Frequent flyer programs	651,447	145,309	-	-	796,756
Maintenance reserves	2,504,776	276,383	-	-	2,781,159
Allowance for reduction of inventories	296,915	197,653	-	-	494,568
Tax losses	1,706,530	(483,040)	-	-	1,223,490
Others	<u>1,432,566</u>	<u>(475,987)</u>	<u>(10,142)</u>	<u>(1,114)</u>	<u>945,323</u>
	<u>\$ 8,446,347</u>	<u>\$ (370,136)</u>	<u>\$ 117,173</u>	<u>\$ (1,114)</u>	<u>\$ 8,192,270</u>

(Continued)

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Ending Balance
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized foreign exchange gains	\$ 20	\$ 27,004	\$ -	\$ -	\$ 27,024
Defined benefit plans	772	-	894	-	1,666
Others	<u>166,072</u>	<u>5,107</u>	<u>-</u>	<u>(2,970)</u>	<u>168,209</u>
	<u>\$ 166,864</u>	<u>\$ 32,111</u>	<u>\$ 894</u>	<u>\$ (2,970)</u>	<u>\$ 196,899</u>
(Concluded)					

Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets were as follows:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Loss carryforwards		
Expiry in 2025	\$ 18,125	\$ 18,125
Expiry in 2026	31,476	344,200
Expiry in 2027	68,415	68,415
Expiry in 2028	103,161	175,712
Expiry in 2029	206,151	206,151
Expiry in 2030	573,631	1,299,401
Expiry in 2031	1,548,035	2,452,815
Expiry in 2032	1,136,642	2,220,547
Expiry in 2033	75,326	75,326
Expiry in 2034	<u>38,208</u>	<u>-</u>
	<u>\$ 3,799,170</u>	<u>\$ 6,860,692</u>
Others temporary differences	<u>\$ 5,787,524</u>	<u>\$ 5,861,203</u>

d. Unused tax loss carryforwards as of December 31, 2024 were as follows:

<u>Expiry Year</u>	<u>Unused Amount</u>
<u>Mandarin Airline Co., Ltd.</u>	
2030	\$ 287,834
2031	1,339,212
2032	<u>997,031</u>
	<u>\$ 2,624,077</u>
<u>Tigerair Taiwan Co., Ltd.</u>	
2032	<u>\$ 925,775</u>
(Continued)	

<b>Expiry Year</b>	<b>Unused Amount</b>
<u>Taoyuan International Airport Services</u>	
2030	\$ 350,406
2031	35,653
2032	<u>795,821</u>
	<u>\$ 1,181,880</u>
<u>Taiwan Airport Services</u>	
2031	\$ 223,630
2032	<u>211,336</u>
	<u>\$ 434,966</u>
<u>Cal Hotel Co., Ltd.</u>	
2030	\$ 30,250
2031	70,120
2032	<u>31,014</u>
	<u>\$ 131,384</u>
<u>Taiwan Aircraft Maintenance And Engineering Co., Ltd.</u>	
2025	\$ 18,125
2026	31,476
2027	68,415
2028	103,161
2029	206,151
2030	255,343
2031	138,703
2032	108,597
2033	75,326
2034	<u>38,208</u>
	<u>\$ 1,043,505</u>
	(Concluded)

e. Income tax assessment

The income tax returns of the Company through 2022 have been examined by the tax authorities. The income tax returns of the Company's subsidiaries through 2022 have been examined by the tax authorities.

## 29. EARNINGS PER SHARE

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Basic earnings per share	\$ <u>2.38</u>	\$ <u>1.13</u>
Diluted earnings per share	\$ <u>2.33</u>	\$ <u>1.11</u>
<u>Net income for the period</u>		
Earnings used in the computation of basic earnings per share	\$ 14,383,345	\$ 6,818,552
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	<u>13,275</u>	<u>16,466</u>
Earnings used in the computation of diluted earnings per share	\$ <u>14,396,620</u>	\$ <u>6,835,018</u>
<u>In thousands of shares</u>		
Weighted average number of ordinary shares in computation of basic earnings per share	6,051,387	6,029,240
Effect of potentially dilutive ordinary shares:		
Compensation of employees or bonuses issued to employees	30,094	12,580
Convertible bonds	<u>87,922</u>	<u>108,167</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>6,169,403</u>	<u>6,149,987</u>

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group comprising issued capital, reserves, retained earnings, other equity and non-controlling interests.

To support operating activities and purchase of aircraft, the Group needs to maintain sufficient capital. Therefore, the goal of capital management is to ensure that financial resources and operating plan is able to support the future working capital, capital expenditures, debt repayment, dividend payments and other needs in the next 12 months.

### 31. FINANCIAL INSTRUMENTS

#### a. Fair value of financial instruments not measured at fair value

Except as detailed in the following table, the management considers the carrying amounts of financial assets and financial liabilities recognized in the financial statements as approximating their fair values.

	December 31			
	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Bonds payable	\$ 6,069,339	\$ 6,616,629	\$ 9,648,814	\$ 10,076,215

Lease liabilities and long-term borrowings are floating-rate financial liabilities, so their carrying amounts are their fair values. Fair values of bonds payable trading in OTC are based on quoted market prices (Level 1).

#### b. Fair value of financial instruments measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- 1) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic money market funds	\$ 196,217	\$ -	\$ -	\$ 196,217
Financial assets at FVTOCI				
Investments in equity instruments				
United shares - domestic	\$ -	\$ -	\$ 23,095	\$ 23,095
Unlisted shares - foreign	-	-	117,423	117,423
Listed shares - foreign	368	-	-	368
	\$ 368	\$ -	\$ 140,518	\$ 140,886
Financial assets for hedging	\$ 2,950,820	\$ 37,664	\$ 348	\$ 2,988,832
Financial liabilities for hedging	\$ 41,619,728	\$ -	\$ 11,461	\$ 41,631,189

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic money market funds	\$ 186,560	\$ -	\$ -	\$ 186,560
Financial assets at FVTOCI				
Investments in equity instruments				
United shares - domestic	\$ -	\$ -	\$ 22,785	\$ 22,785
Unlisted shares - foreign	-	-	81,197	81,197
	\$ -	\$ -	\$ 103,982	\$ 103,982
Financial assets for hedging	\$ 10,307,692	\$ 40,796	\$ 5,455	\$ 10,353,943
Financial liabilities for hedging	\$ 34,860,884	\$ 50,598	\$ 77,481	\$ 34,988,963

There were no transfers between Levels 1 and 2 in the current period.

4) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Techniques and Inputs
Derivatives	The fair values of derivatives (except for options) have been determined based on discounted cash flow analysis using interest yield curves applicable for the duration of the derivatives. The estimates and assumptions that the Group used to determine the fair values are identical to those used in the pricing of financial instruments for market participants.

5) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of currency options and fuel options and swap are determined using option pricing models where the significant unobservable inputs are implied fluctuations. Changes in the implied fluctuations used in isolation would result in an increase or decrease in the fair value of the currency options and fuel options and swap.

The domestic and foreign unlisted equity investment are based on the comparative company valuation to estimate the fair value. The main assumptions are based on the multiplier of the market price of the comparable listed company and the net value per share, which have considered the liquidity discount. The higher the multiplier or the lower the liquidity discount, the higher the fair value of the relevant financial instruments.

The multiplier and liquidity discount of financial instruments based on Level 3 fair value measurement were as follows:

	Multiplier	Liquidity Discount
December 31, 2024	0.75-25.43	80%
December 31, 2023	0.61-9.61	80%



The movements of financial instruments based on Level 3 fair value measurement were as follows:

	<b>Derivative Instruments</b>	<b>Equity Instruments</b>
Balance at January 1, 2024	\$ (72,026)	\$ 103,982
Recognized in other comprehensive income	<u>60,913</u>	<u>36,536</u>
Balance at December 31, 2024	<u>\$ (11,113)</u>	<u>\$ 140,518</u>
Balance at January 1, 2023	\$ (16,761)	\$ 123,033
Recognized in other comprehensive income	<u>(55,265)</u>	<u>(19,051)</u>
Balance at December 31, 2023	<u>\$ (72,026)</u>	<u>\$ 103,982</u>

Because some financial instruments and nonfinancial instruments may not have their fair values disclosed, the total fair value disclosed herein is not the total value of the Group's collective instruments.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 196,217	\$ 186,560
Financial assets for hedging	2,988,832	10,353,943
Financial assets at amortized cost (Note 1)	81,901,617	47,256,565
Financial assets at FVTOCI - investments in equity instruments	140,886	103,982
<u>Financial liabilities</u>		
Financial liabilities for hedging	41,631,189	34,988,963
Financial liabilities at amortized cost (Note 2)	143,175,818	134,158,636

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, time deposits with original maturities of more than 3 months, notes and accounts receivable, accounts receivable - related parties, finance lease receivables, other receivables, refundable deposits, restricted financial assets and other financial assets.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise notes and accounts payable, accounts payable - related parties, other payables, bonds payable, long-term borrowings, lease liabilities, provisions, parts of other current liabilities and parts of other non-current liabilities.

d. Financial risk management objectives and policies

The Group has risk management and hedging strategies to respond to changes in the economic and financial environment and in the fuel market. To reduce the financial risks from changes in interest, exchange rates and in fuel prices, the Group has its operating costs stay within a specified range by using appropriate financial hedging instruments and hedging percentages in accordance with the "Processing Program of Derivative Financial Instrument Transactions" approved by the Group's shareholders to reduce the impact of market price changes on earnings. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

In addition, the Company has a risk committee, which meets periodically to evaluate the performance of derivative instruments and determine the appropriate hedging percentage. The committee informs the Group of global economic and financial conditions, controls the entire financial risk resulting from changes in the financial environment and fuel prices, and develops the strategy and response to avoid financial risk with the assistance of financial risk experts to effect risk management.

#### 1) Market risk

The Group is primarily exposed to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk. The Group enters into foreign exchange forward contracts, foreign currency option contracts, and interest swap contracts with fair values that are highly negatively correlated to the fair values of hedged items and evaluates the hedging effectiveness of these instruments periodically.

##### a) Foreign currency risk

The Group enters into foreign currency option contracts to hedge against the risks on change in related exchange rates, enters into forward contracts to hedge against the risks on changes in foreign-currency assets, liabilities and commitments in the related exchange rates.

##### Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

An increase/decrease in U.S. dollars one dollar against New Taiwan dollars when reporting foreign currency risk internally to key management personnel represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period for U.S. dollars increase/decrease by one dollar against New Taiwan dollars in foreign currency rates.

When New Taiwan dollars increased by one dollar against U.S. dollars and all other variables were held constant, there would be a decrease in pre-tax profit and an increase in pre-tax other comprehensive income for the year ended December 31, 2024 of \$1,003,941 thousand and \$1,143,402 thousand, respectively; and a decrease in pre-tax profit and an increase in pre-tax other comprehensive income for the year ended December 31, 2023 of \$422,688 thousand and \$673,801 thousand, respectively.

The Group's hedging strategy is to enter into foreign exchange forward contracts and foreign currency option contracts to avoid exchange rate exposure of its foreign currency denominated receipts and payments and to manage exchange rate exposure of its aircraft prepayments in the next year. Those transactions are designated as cash flow hedges. When forecasted purchases actually take place, basis adjustments are made to the initial carrying amounts of hedged items.

For the hedges of highly probable aircraft prepayments, as the critical terms (i.e., the notional amount, useful life and underlying asset) of the foreign currency option contracts and foreign exchange forward contracts and their corresponding hedged items are the same. The Group performs a qualitative assessment of the effectiveness. The value of the foreign exchange forward contracts and the value of the corresponding hedged items are expected to change systematically in the opposite direction in response to movements in the underlying exchange rates.

The following table summarizes the information relating to the hedging of foreign currency risk. Refer to Note 21 for rental contract for hedging.

December 31, 2024

Hedging Instruments	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge Aircraft prepayment - forward exchange contracts	NTD/USD	NTD1,180,328/ USD36,000	2025.01.24- 2025.9.30	30.993-32.277	Financial assets for hedging - current/liabilities for hedging - current	\$ 31,437	\$ -

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (aircraft prepayments) was \$31,437 thousand.

For the year ended December 31, 2024

Comprehensive Income	Hedging Gains (Losses) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedge			
Aircraft rentals	\$ 2,720	\$ 14,446	(Note)
Aircraft prepayment	<u>277,871</u>	<u>-</u>	
	<u>\$ 280,591</u>	<u>\$ 14,446</u>	

Note: Decrease in operating costs or exchange loss.

For the year ended December 31, 2024, the amount of hedging instrument settlements recognized as a decrease of aircraft prepayments were \$244,859 thousand.

December 31, 2023

Hedging Instruments	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge Aircraft rentals - forward exchange contracts	NTD/USD	NTD251,908/ USD8,187	2024.1.26- 2024.11.27	29.919-30.954	Financial assets for hedging - current/liabilities for hedging - current	\$ -	\$ 2,720
Aircraft prepayment - forward exchange contracts	NTD/USD	NTD3,569,231/ USD116,000	2024.1.31- 2024.10.31	29.37-31.581	Financial assets for hedging - current/liabilities for hedging - current	40,796	42,370

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (aircraft rentals in U.S. dollars and aircraft prepayments) was \$(4,294) thousand.

For the year ended December 31, 2023

<b>Comprehensive Income</b>	<b>Hedging Gains (Losses) Recognized in Other Comprehensive Income</b>	<b>Amount Reclassified to Profit and Loss and the Adjusted Line Item</b>
Cash flow hedge		
Aircraft rentals	\$ (2,522)	\$ (5,797) (Note)
Aircraft prepayments	<u>94,893</u>	<u>-</u>
	<u>\$ 92,371</u>	<u>\$ (5,797)</u>

Note: Increase in operating costs or exchange loss.

For the year ended December 31, 2023, the amount of hedging instrument settlements recognized as a increase of aircraft prepayments were \$9,161 thousand.

b) Interest rate risk

The Group enters into interest swap contracts to hedge against the risks on change in interest rates on long-term borrowings. The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value interest rate risk	\$ 55,955,007	\$ 53,218,978
Cash flow interest rate risk	83,196,088	75,641,256

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A one yard (25 basis points) increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates increased by one yard (25 basis points) and all other variables been held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have decreased by \$207,990 thousand and \$189,103 thousand, respectively.

The following tables summarize the information relating to the hedges for interest rate risk.

December 31, 2024

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge Interest expense on long-term borrowings - interest rate swaps	NTD	NTD900,000	2027.4.1-2027.5.24	1.39%-1.58%	Financial assets for hedging - current/liabilities for hedging - non-current	\$ 6,227	\$ -

Note: The Company recognized interest receivable for \$307 thousand.

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (interest expense on long-term borrowings) was \$6,227 thousand.

For the year ended December 31, 2024

Comprehensive Income	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedge - Interest expense on long-term borrowings	<u>\$ 11,735</u>	<u>\$ 831</u>	(Note)

Note: Decrease in financial costs or other losses.

December 31, 2023

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge Interest expense on long-term borrowings - interest rate swaps	NTD	NTD900,000	2027.4.1-2027.5.24	1.39%-1.58%	Financial assets for hedging - current/liabilities for hedging - non-current	\$ -	\$ 5,508

Note: The Company recognized interest receivable and interest payable for \$76 thousand and \$(46) thousand, respectively.

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (interest expense on long-term borrowings) was \$(5,508) thousand.

For the year ended December 31, 2023

Comprehensive Income	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedge - Interest expense on long-term borrowings	<u>\$ 1,424</u>	<u>\$ (516)</u>	(Note)

Note: Increase in financial costs or other losses.

c) Other price risk

The Group was exposed to fuel price risk on its purchase of aviation fuel. The Group enters into fuel options and swap contract to hedge against adverse risks on fuel price changes.

December 31, 2024

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedges Aviation fuel - fuel options	USD	NTD3,758	2025.3.31-2025.9.30	USD65-USD92.2	Financial assets for hedging - current/liabilities for hedging - current	\$ 348	\$ 4,106
Cash flow hedges Aviation fuel - swap	USD	NTD7,355	2025.1.6-2024.6.30	USD76.5-USD79.38	Financial assets for hedging - current/liabilities for hedging - current	-	7,355

Hedge accounting continues to be applied to the abovementioned hedging instruments. The carrying amount of other equity for each hedging item (fuel payments in U.S. dollars) was \$(11,113) thousand.

For the year ended December 31, 2024

	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
<b>Comprehensive Income</b>			
Cash flow hedges - aviation fuel options and swap	<u>\$ 60,913</u>	<u>\$ 12,765</u>	(Note)

Note: Decrease in operating costs.

December 31, 2023

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedges Aviation fuel - fuel options	USD	NTD7,553	2024.03.31-2024.9.30	USD60-USD102.5	Financial assets for hedging - current/liabilities for hedging - current	\$ 4,036	\$ 11,590
Cash flow hedges Aviation fuel - swap	USD	NTD64,472	2024.03.31-2024.12.31	USD74.04-USD87.5	Financial assets for hedging - current/liabilities for hedging - current	1,419	65,891

Hedge accounting continues to be applied to the abovementioned hedging instruments. The carrying amount of other equity for each hedging item (fuel payments in U.S. dollars) was \$(72,026) thousand.

For the year ended December 31, 2023

	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
<b>Comprehensive Income</b>			
Cash flow hedges - aviation fuel options and swap	<u>\$ (55,265)</u>	<u>\$ (9,806)</u>	(Note)

Note: Increase in operating costs.

#### Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to fuel price risks at the end of the reporting period.

	For the Year Ended December 31			
	2024		2023	
	Pre-tax Profit Increase (Decrease)	Other Compre- hensive Income Increase (Decrease)	Pre-tax Profit Increase (Decrease)	Other Compre- hensive Income Increase (Decrease)
Fuel price increase of 5%	\$ 2,374	\$ 468	\$ 980	\$ 3,601
Fuel price decrease of 5%	(2,551)	(468)	(1,435)	(3,601)

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk primarily comes from accounts receivable generated from operating activities and bank deposits generated from investing activities, fixed income investments and other financial instruments, operation related credit risk and financial credit risk are managed separately.

#### Operation - related credit risk

The Group has established procedures to manage operations related credit risk to maintain the quality of accounts receivable.

To assess the risk of individual customers, the Group consider into the financial condition of the customers, the credit rating agency rating, the Group's internal credit rating, transaction history and current economic conditions and many other factors that may affect the repayment. Sometimes, the Group uses certain credit enhancement tools to reduce the credit risk of specific customers.

Since the customers of the aviation industry are dispersed and non-related, the credit risk concentration is not critical.

#### Financial credit risk

Credit risk on bank deposits, fixed income investments and other financial instruments are measured and monitor by the Group's finance department. The Group's trading partners and other parties are well-performing banks and financial institutions, corporations, and government agencies, and so the risk of counterparties failing to discharge an obligation is low; therefore, there is no significant credit risk.

### 3) Liquidity risk

The objective of the Group's management of liquidity is to maintain cash and cash equivalents sufficient for operating purposes, marketable securities with high liquidity and loan commitments that are sufficient to ensure that the Group has adequate financial flexibility.

	<b>Undrawn Bank Loan Commitments (Unsecured)</b>	
	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
The Group (China Airlines, Ltd., Mandarin Airlines and Tigerair Taiwan Co., Ltd.)	\$ 37,188,619	\$ 35,388,894

#### Liquidity and interest rate risk table

The following table shows the remaining contractual maturity analysis of the Group's financial liabilities with agreed-upon repayment periods, which were based on the date the Group may be required to pay the first repayment and financial liabilities is evaluated based on undiscounted cash flows, including cash flows of interest and principal.

Bank loans with a repayment on demand clause were included in the second column of the table below regardless of whether or not the banks would choose to exercise early their rights to repayment. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates. The Group's liquidity analysis for its derivative financial instruments is also shown in the following table. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross cash inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by yield curves at the end of the reporting period.

#### December 31, 2024

	<b>The Weighted Average Effective Interest Rate (%)</b>	<b>Less than 1 Year</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>
Lease liabilities	3.0341%	\$ 5,848,149	\$ 9,767,305	\$ 9,260,598
Floating interest rate liabilities	2.1279%	13,476,295	43,647,832	16,993,421
Hedging instruments	3.7460%	19,718,864	40,435,829	17,572,550
Bonds payable	1.3463%	<u>1,731,713</u>	<u>4,478,837</u>	<u>-</u>
		<u>\$ 40,775,021</u>	<u>\$ 98,329,803</u>	<u>\$ 43,826,569</u>



December 31, 2023

	<b>The Weighted Average Effective Interest Rate (%)</b>	<b>Less than 1 Year</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>
Lease liabilities	2.8206%	\$ 4,439,050	\$ 9,956,071	\$ 8,972,175
Floating interest rate liabilities	2.0095%	20,034,592	32,043,243	15,677,622
Hedging instruments	3.0686%	15,016,933	30,628,483	10,022,879
Bonds payable	1.3105%	<u>4,850,264</u>	<u>4,989,543</u>	<u>-</u>
		<u>\$ 44,340,839</u>	<u>\$ 77,617,340</u>	<u>\$ 34,672,676</u>

### 32. TRANSACTIONS WITH RELATED PARTIES

The transactions between subsidiaries (obtain business) relationship with China Airlines, Ltd., remaining account balance, revenue and expense are eliminated when combined, which is not disclosed in the note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are as follows:

#### a. Related party name and relationships

<b>Related Party Name</b>	<b>Relationship with the Company</b>
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Associate
Airport Air Cargo Service (Xiamen) Co., Ltd.	Associate
Eastern United International Logistics (Hong Kong)	Associate
Dynasty Holidays	Associate (completed the dissolution and liquidation procedures in June 2023)
China Pacific Catering Services	Joint venture
China Pacific Laundry Services	Joint venture
NORDAM Asia Ltd.	Joint venture (the resolution to dissolve was held at the provisional shareholders' meeting in October 2023, and the liquidation process has been currently in progress)
Delica International Co., Ltd.	Joint venture (completed the dissolution and liquidation procedures in October 2024)
China Aviation Development Foundation	Director of the Company and major shareholder
Others	Director, key management personnel, chairman, general manager of the Group, spouse and second-degree relatives

#### b. Operating transactions

<b>Account Items</b>	<b>Related Party Type</b>	<b>For the Year Ended December 31</b>	
		<b>2024</b>	<b>2023</b>
Other income	Major shareholders of the Company	<u>\$ 18,402</u>	<u>\$ 18,553</u>
	Joint venture	<u>\$ 31,395</u>	<u>\$ 50,999</u>

c. Purchases

Related Party Type	For the Year Ended December 31	
	2024	2023
Major shareholders of the Company	\$ 40,191	\$ 40,705
Associate	\$ 221,913	\$ 266,826
Joint venture	\$ 3,124,963	\$ 2,558,012

d. Accounts receivable - related parties (generated by operations)

Related Party Type	December 31	
	2024	2023
Joint venture	\$ 2,750	\$ 13,966
Major shareholders of the Company	3,472	2,210
	<u>\$ 6,222</u>	<u>\$ 16,176</u>

The receivables are not guaranteed, and there is no allowance for doubtful accounts related to accounts receivable - related parties. The payment periods of such accounts were within 30 to 90 days, and there are no overdue payments.

e. Accounts payable - related parties (generated by operations)

Related Party Type	December 31	
	2024	2023
Associates	\$ 18,681	\$ 19,980
Joint venture	784,468	645,734
Major shareholder of the Company	8,040	5,100
	<u>\$ 811,189</u>	<u>\$ 670,814</u>

The remaining balance of accounts payable - related parties will be paid in cash if they are not secured.

f. Lease arrangements (operating leases)

Under an operating lease agreement, the Company rented flight training machines and flight simulators from the China Aviation Development Foundation to train pilots, and the Company paid the rental based on usage hours. For the years ended December 31, 2024 and 2023, the Company paid rentals of \$40,191 thousand and \$40,705 thousand, respectively.

g. Endorsements and guarantees

	December 31			
	2024		2023	
	Authorized Amount	Actual Amount Used	Authorized Amount	Actual Amount Used
<u>The Company</u>				
Cal Park	\$ 3,400,000	\$ 1,005,960	\$ 3,400,000	\$ 1,225,080
Tigerair Taiwan Co., Ltd.	2,131,148	84,907	2,877,292	289,059
Taiwan Aircraft Maintenance and Engineering Co., Ltd.	2,000,000	1,586,500	2,000,000	1,675,500

h. Remuneration of key management personnel

The compensation to directors and other key management personnel were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 66,618	\$ 62,766
Post-employment benefits	<u>3,030</u>	<u>16,982</u>
	<u>\$ 69,648</u>	<u>\$ 79,748</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

### 33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for long-term bank loans and business transactions:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Property, plant and equipment	\$ 56,711,730	\$ 47,707,813
Restricted assets	<u>312,917</u>	<u>392,133</u>
	<u>\$ 57,024,647</u>	<u>\$ 48,099,946</u>

The above restricted assets included pledged time deposits and demand deposits which were made according to loan agreements.

### 34. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

In addition to those disclosed in the other notes, significant commitments and contingent liabilities of the Group at December 31, 2024 were as follows:

- a. Taiwan Air Cargo Terminal Co. (TACT) signed a terminal construction contract with the Civil Aeronautics Administration (CAA) on January 14, 2000. The chartered operation period (COP) is 20 years from the date of the transfer of the chartered operation rights from CAA to TACT. TACT filed an application for a 10-year extension of the COP for the cargo terminals at Taiwan Taoyuan International Airport and Kaohsiung International Airport and received approval from Taoyuan Airport Corporation and CAA in July 2013 and July 2015, respectively.

In addition, TACT filed an arbitration in 2012 to revise the total amount of expenditure to \$6,840,000 thousand. As of December 31, 2024, TACT had signed the following construction contracts with unrelated parties:

<b>Client Name</b>	<b>Contract Title</b>	<b>Contract Amount (VAT Included)</b>
INBRIDGE CONSTRUCTION CO., LTD	Project A of the renovation and expansion project of Taoyuan Air Cargo Terminal for the plan to continue to operate - steel structure rust removal and painting of three-dimensional parking lot, mechanical and electrical pipeline renewal and exterior wall painting project	\$ 77,770

As of December 31, 2024, TACT had no outstanding payments of construction in process for construction equipment.

Assets acquired from cargo terminal improvements, equipment acquisition and subsequent equipment acquisition and replacement will be transferred to the government without any compensation when the chartered operating license expires.

TACT shall pay royalties to Taoyuan Airport Corporation and CAA during the chartered operation period. The calculation is based on annual sales (including operating and non-operating revenue but excluding the rental revenue from specific districts), and Taoyuan Airport Corporation and CAA have the option to adjust the royalty rates every 3 years starting from the date of transfer of the chartered operation rights on the basis of actual revenue and expenditures. The current royalty rate is 6% for less than \$2 billion and 8% for \$2 billion to \$4 billion.

- b. CAL Park Co., Ltd. (“CAL Park”) signed the “Taiwan Taoyuan International Airport Aviation Operation Center (including Airport Hotel) Construction Operating Contract” with the CAA on September 20, 2006. However, on November 1, 2010, the Taoyuan Airport Corporation took over the CAA’s rights on this contract from the CAA. The contract is effective for 50 years (consisting of the development stage and operating period) from the contract date. Three years before the contract expiration date, CAL Park has the first option to renew the contract with a 20-year extension.

CAL Park’s business scope includes providing business and other operating space related to civil air transport, hotels, aviation services and related industries that adhere to the base and essential services law and are approved by the Taoyuan Airport Corporation.

CAL Park should pay land rentals on the date of the registration of surface rights. The rental rates during the development stage differ from those during the operational period. The rental rates shall follow Article No. 2 of the “Regulations for Favorable Rentals Regarding Public Land Lease and Superficies in Infrastructure Projects”, which states that rental calculation during the development stage shall include the land value-added tax plus the necessary maintenance fee; during the operation period, rentals are 60% of the amount based on the National Building Land Rental Standard plus land value tax, value-added tax and the necessary maintenance fee.

During the 50 years beginning from the initial operation date of CAL Park to the end of the construction period, CAL Park shall pay royalties based on the operating revenue estimated in the financial plan of its investment execution proposal. If the sales and business tax declared and filed by a business entity for a single year exceeds 10% of the operating revenue as estimated in the financial plan in its investment execution proposal, CAL Park shall pay additional royalties at 10% of this excess.

CAL Park shall submit the asset transfer plan within five years before the expiry date of the chartered operation period, begin the negotiation of the asset transfer contract, and complete the assignment no later than three years before the expiry date of the chartered period. If CAA decides not to keep the building and equipment in the base area, CAL Park shall remove all related buildings and equipment within three months after the expiration date.

- c. In October 2019, the Company signed a contract with Airbus S.A.S. to purchase eleven A321neo aircrafts and an option to purchase five A321neo aircrafts. The total listed price of the eleven aircraft is US\$1,687,810 thousand, and the listed price of the option to purchase five aircraft is US\$769,922 thousand. The expected delivery periods of the eleven aircraft are from 2024 to 2026. As of December 31, 2024, one out of the eleven aircraft have been delivered. The total list price of the last remaining aircraft is US\$1,539,845 thousand, and the list price had been paid in the amount of US\$118,150 thousand (recognized as prepayments for aircraft). In October 2019, the Company signed a contract with International Aero Engines Company to purchase four backup engines for its A321neo. The total list price of the four engines was US\$60,289 thousand. As of December 31, 2024, three out of the four backup engines have been delivered. The Group also signed related aircraft lease agreement; refer to Note 21.
- d. In July 2019 and August 2019, the Company signed a contract with Boeing Company to purchase three 777F aircrafts and exercised the option to purchase three 777F aircrafts. In January 2022, the Company signed an additional contract with Boeing Company to purchase another four 777F aircraft. The expected delivery periods are from 2023 to 2025. The total listed price of the ten aircraft is US\$3,905,142 thousand. As of December 31, 2024, nine out of the ten aircraft have been delivered. The total list price of the last remaining aircraft is US\$408,729 thousand, and the list price has been paid in the amount of US\$81,746 thousand (recognized as prepayments for aircraft).
- e. On September 28, 2022, the Company signed a contract with the Boeing Company to purchase sixteen 787-9 aircrafts and the option to purchase eight 787-9 aircrafts. On May 23 and June 20, 2023, the Company exercised the option to purchase eight aircrafts, six of its 787-9 aircraft were converted to 787-10, with a total of twenty-four aircrafts (include eighteen 787-9 aircraft and six 787-10 aircraft). The total list price is approximately US\$9,246,181 thousand. The expected delivery periods are from 2025 to 2028. As of December 31, 2024, the list price has been paid in the amount of US\$666,938 thousand (recognized as prepayments for aircraft).
- f. On December 19, 2024, the board of directors of Company approved to purchase ten 777-9 aircrafts, four 777-8F and ten A350-1000 with the Boeing Company and Airbus S.A.S. The expected delivery periods are from 2029. The total listed price of the ten 777-9 aircraft is US\$5,300,000 thousand, the list price of the four 777-8F aircraft is US\$2,076,000 thousand and the listed price of the ten A350-1000 aircraft is US\$4,480,000 thousand. The list price of ten 777-9 aircraft and four 777-8F aircraft has been paid in the amount of US\$2,500 thousand and US\$1,000 thousand.
- g. In October 2019, Tigerair Taiwan Co., Ltd. signed a contract with Airbus S.A.S. to purchase seven A320neo aircrafts and an option to purchase two A320neo aircrafts. The total list price of the seven aircraft is US\$729,746 thousand, and the list price of the option to purchase two aircraft is US\$208,499 thousand. The expected delivery period of the seven aircraft ranges from 2026 to 2028. As of December 31, 2024, the list price has been paid in the amount of US\$36,740 thousand (recognized as prepayments for aircraft). In addition, in December 2019, Tigerair Taiwan Co., Ltd. signed a contract with International Aero Engines Company to purchase two backup engines for its A320neo aircraft. The total list price of the two engines was US\$27,345 thousand. As of December 31, 2024, one out of the two backup engines have been delivered, and the other is expected to be delivered in 2025. In November 2024, the Company signed a contract with International Aero Engines Company to purchase two backup engines for the PW1100G-JM. The total listed price of the contract is approximately US\$43,529 thousand. The expected delivery date is the first quarter of 2025. The Group also signed a related aircraft lease agreement; refer to Note 21.

- h. On March 27, 2023, the board of directors of Mandarin Airlines approved to sign a contract with AVIONS DE TRANSPORT REGIONAL G.I.E to purchase three ATR72-600 aircrafts. As of December 31, 2024, all have been delivered. On May 30, 2023, the board of directors of Mandarin Airlines approved the activation of the original contract option for AVIONS DE TRANSPORT REGIONAL G.I.E. to order three more ATR72-600 aircrafts. The total contract price is approximately US\$69,000 thousand. The expected delivery date is 2025. On September 30, 2024, the board of directors approved the exercise of the option in the original contract to purchase one ATR72-600 aircraft, with a total transaction price of approximately US\$24,000 thousand. The delivery is expected to take place in 2026. As of December 31, 2024, three out of seven aircrafts have been delivered. The list price of the remaining four aircraft has been paid in the amount of US\$9,214 thousand (recognized as prepayments for aircraft).

### 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of entities in the Group, and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2024

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,456,091	32.7869	\$ 47,740,710
EUR	20,505	34.1297	699,829
HKD	329,296	4.2230	1,390,617
JPY	4,388,567	0.2096	919,843
RMB	506,333	4.4924	2,274,650
<u>Financial liabilities</u>			
Monetary items			
USD	1,631,552	32.7869	53,493,532
EUR	10,414	34.1297	355,427
HKD	76,525	4.2230	323,165
JPY	4,481,405	0.2096	939,302
RMB	101,975	4.4924	458,112

December 31, 2023

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,119,615	30.7692	\$ 34,449,664
EUR	20,145	34.0136	685,220
HKD	303,304	3.9324	1,192,712
JPY	3,162,264	0.2173	687,144
RMB	548,986	4.3290	2,376,559
<u>Financial liabilities</u>			
Monetary items			
USD	1,494,906	30.7692	45,997,053
EUR	9,519	34.0136	323,789
HKD	72,440	3.9324	284,862
JPY	3,303,548	0.2173	717,887
RMB	101,866	4.3290	440,978

For the years ended December 31, 2024 and 2023, the Group's net foreign exchange gains were \$194,661 thousand and \$808,734 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### **36. ADDITIONAL DISCLOSURES**

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company and its investees:
  - 1) Financing provided to others: Table 1 (attached)
  - 2) Endorsements/guarantees provided: Table 2 (attached)
  - 3) Marketable securities held: Table 3 (attached)
  - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
  - 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
  - 6) Disposals of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)

- 9) Names, locations, and related information of investees over which the Company exercises significant influence: Table 7 (attached)
- 10) Trading in derivative instruments (Note 31)
- b. Information on investments in mainland China: Table 8 (attached)
- c. Business relationships and important transactions between China Airlines, Ltd. and its subsidiaries: Table 9 (attached)
- d. Information of major shareholders: Table 10 (attached)

### 37. SEGMENT INFORMATION

a. Segment information

The Group mainly engages in air transportation services for passengers, cargo and others. Its major revenue-generating asset is its aircraft fleet, which is used jointly for passenger and cargo services. Thus, the Group's sole reportable segment is its flight segment. For the disclosure of operating segment in the consolidated financial statements, the reportable segment of the Group comprises flight and non-flight business departments. The accounting policy applied for reportable segments are consistent with the policies aforementioned in Note 4.

For the years ended December 31, 2024 and 2023, financial information of reportable segments is listed below:

	For the Year Ended December 31, 2024			
	Air Transportation	Others	Adjustments and Write-offs	Total
Operating revenue	<u>\$ 198,050,671</u>	<u>\$ 12,635,837</u>	<u>\$ (6,807,170)</u>	<u>\$ 203,879,338</u>
Operating profit and loss	<u>\$ 16,715,525</u>	<u>\$ 1,557,341</u>	<u>\$ (70,519)</u>	<u>\$ 18,202,347</u>
Interest income				2,231,421
Investment income (loss) accounted for using the equity method				663,236
Revenue				1,123,930
Finance costs				(2,755,707)
Expenses				<u>(189,165)</u>
Profit before income tax				<u>\$ 19,276,062</u>
Identifiable assets	<u>\$ 178,148,021</u>	<u>\$ 12,959,585</u>	<u>\$ (6,075,099)</u>	<u>\$ 185,032,507</u>
Investments accounted for using the equity method				2,287,153
Assets				<u>140,063,878</u>
Total assets				<u>\$ 327,383,538</u>



	For the Year Ended December 31, 2023			
	Air Transportation	Others	Adjustments and Write-offs	Total
Operating revenue	<u>\$ 180,249,150</u>	<u>\$ 10,529,766</u>	<u>\$ (5,962,126)</u>	<u>\$ 184,816,790</u>
Operating profit and loss	<u>\$ 9,308,194</u>	<u>\$ 910,355</u>	<u>\$ (61,128)</u>	<u>\$ 10,157,421</u>
Interest income				1,802,654
Investment income (loss) accounted for using the equity method				417,485
Revenue				1,769,711
Finance costs				(2,608,298)
Expenses				<u>(2,233,501)</u>
Profit before income tax				<u>\$ 9,305,472</u>
Identifiable assets	<u>\$ 170,472,334</u>	<u>\$ 13,527,117</u>	<u>\$ (6,353,852)</u>	<u>\$ 177,645,599</u>
Investments accounted for using the equity method				1,737,235
Assets				<u>111,859,597</u>
Total assets				<u>\$ 291,242,431</u>

b. Geographical segment

The geographical segment information of the Company and its subsidiaries in 2024 and 2023 is listed below:

	For the Year Ended December 31, 2024								
	America	Northeast Asia	Southeast Asia	Europe	Australia	China	Domestic	Adjustment and Eliminations	Consolidation
Operating revenue	<u>\$ 66,390,645</u>	<u>\$ 47,604,878</u>	<u>\$ 33,741,355</u>	<u>\$ 20,687,763</u>	<u>\$ 8,287,543</u>	<u>\$ 11,851,234</u>	<u>\$ 22,123,090</u>	<u>\$ (6,807,170)</u>	<u>\$ 203,879,338</u>
Operation profit and losses									\$ 18,202,347
Interest income									2,231,421
Investments income accounted for using the equity method									663,236
Revenue									1,123,930
Interest expense									(2,755,707)
Expenses									<u>(189,165)</u>
Profit before income tax									<u>\$ 19,276,062</u>
Identifiable assets	<u>\$ 1,711,578</u>	<u>\$ 120,959</u>	<u>\$ 190,015</u>	<u>\$ 81,837</u>	<u>\$ 20,173</u>	<u>\$ 55,157</u>	<u>\$ 188,927,887</u>	<u>\$ (6,075,099)</u>	<u>\$ 185,032,507</u>
Investments accounted for using the equity method									2,287,153
Assets									<u>140,063,878</u>
Total assets									<u>\$ 327,383,538</u>

	For the Year Ended December 31, 2023								
	America	Northeast Asia	Southeast Asia	Europe	Australia	China	Domestic	Adjustment and Eliminations	Consolidation
Operating revenue	<u>\$ 89,382,935</u>	<u>\$ 38,465,561</u>	<u>\$ 31,422,519</u>	<u>\$ 21,214,463</u>	<u>\$ 8,694,246</u>	<u>\$ 11,122,603</u>	<u>\$ 20,476,589</u>	<u>\$ (5,962,126)</u>	<u>\$ 184,816,790</u>
Operation profit and losses									\$ 10,157,421
Interest income									1,802,654
Investments income									
accounted for using the equity method									417,485
Revenue									1,769,711
Interest expense									(2,608,298)
Expenses									<u>(2,233,501)</u>
Profit before income tax									<u>\$ 9,305,472</u>
Identifiable assets	<u>\$ 1,654,115</u>	<u>\$ 1,524,401</u>	<u>\$ 218,237</u>	<u>\$ 2,432,464</u>	<u>\$ 1,424,118</u>	<u>\$ 43,805</u>	<u>\$ 176,702,311</u>	<u>\$ (6,353,852)</u>	\$ 177,645,599
Investments									
accounted for using the equity method									1,737,235
Assets									<u>111,859,597</u>
Total assets									<u>\$ 291,242,431</u>

TABLE 1

CHINA AIRLINES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Cal-Dynasty International	Dynasty Hotel of Hawaii, Inc.	Notes receivable	Yes	\$ 114,754	\$ 114,754	\$ 114,754	2.25	Short-term financing facility is necessary	\$ -	Operating cycle capital expenditure	\$ -	-	\$ -	\$ 168,909	\$ 337,819	

Cal-Dynasty International’s operational procedures for financing provided to others or legal requirements:

Note 1: The maximum amount of loans provided to others by the Company is up to 40% of the Company’s net worth as stated in its latest financial statements.

Note 2: The maximum amount of loans provided to an individual counterparty by the Company is up to 20% of the Company’s net worth as stated in its latest financial statements.

TABLE 2

CHINA AIRLINES, LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statement (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	China Airlines (the “Company”)	Cal Park Tigerair Taiwan Co., Ltd.	100% owned subsidiary 69.10% owned subsidiary by direct and indirect shareholdings	\$ 17,200,126 17,200,126	\$ 3,400,000 2,987,604	\$ 3,400,000 2,131,148	\$ 1,005,960 84,907	\$ - -	3.95 2.48	\$ 43,000,315 43,000,315	Yes Yes	No No	No No
		Taiwan Aircraft Maintenance and Engineering Co., Ltd.	100% owned subsidiary	17,200,126	2,000,000	2,000,000	1,586,500	-	2.33	43,000,315	Yes	No	No

Note 1: Based on the Company’s operational procedures for endorsements/guarantees, the maximum amount of guarantee to an individual counterparty is up to 20% of the Company’s shareholders’ equity.

Note 2: Based on the Company’s operational procedures for endorsements/guarantees, the maximum amount of collateral guarantee is up to 50% of the Company’s shareholders’ equity.

TABLE 3

CHINA AIRLINES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
China Airlines (the “Company”)	<u>Shares</u>							
	Everest Investment Holdings Ltd. - ordinary shares	-	Financial assets at FVTOCI - non-current	16,724	\$ 43,634	13.59	\$ 47,997	Note 1
	Everest Investment Holdings Ltd. - preferred shares	-	Financial assets at FVTOCI - non-current	1,672	4,363	-	-	Note 1
	Chung Hua Express Co.	-	Financial assets at FVTOCI - non-current	1,100,000	23,095	11.00	23,095	-
	China Aircraft Services Limited	-	Financial assets at FVTOCI - non-current	28,400,000	-	4.00	-	-
	Manila Electric Company (MERALCO)	-	Financial assets at FVTOCI - non-current	1,330	368	-	368	-
	The Grand Hi Lai Hotel	-	Financial assets at FVTPL - current	357	-	0.02	-	-
Mandarin Airlines	<u>Shares</u> China Airlines	Parent company	Financial assets at FVTOCI - non-current	2,074,628	53,214	-	53,214	-
Cal-Asia Investment	<u>Shares</u>							
	Taikoo (Xiamen) Landing Gear Services	-	Financial assets at FVTPL - current	-	-	2.59	-	Note 2
	Taikoo Spirit Aerospace Systems (Jinjiang) Composite	-	Financial assets at FVTOCI - non-current	-	69,426	5.45	69,426	Note 2
Sabre Travel Network (Taiwan)	<u>Beneficiary certificates</u>							
	FSITC Taiwan Money Market Fund	-	Financial assets at FVTPL - current	2,142,246	34,205	-	34,205	-
	FTSA Money Market Fund	-	Financial assets at FVTPL - current	3,441,025	37,099	-	37,099	-
	CAPITAL Money Market Fund	-	Financial assets at FVTPL - current	1,187,792	20,012	-	20,012	-
Taiwan Airport Services	<u>Shares</u> TransAsia Airways	-	Financial assets at FVTPL - current	2,277,786	-	0.40	-	-
Kaohsiung Catering Services	<u>Beneficiary certificates</u>							
	Prudential Financial Money Market Fund	-	Financial assets at FVTPL - current	3,163,289	52,159	-	52,159	-
	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	3,728,020	52,742	-	52,742	-

Note 1: The subsidiary’s net asset value was \$47,997 thousand, which included ordinary shares and preference shares as of December 31, 2024.

Note 2: The Company does not issue shares because it is a limited company.

Note 3: The table only lists financial assets that are in accordance with IFRS 9.

TABLE 4

CHINA AIRLINES, LTD. AND ITS REINVESTMENT COMPANIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain on Disposal	Shares/Units (In Thousands)	Amount
China Airlines (the “Company”)	Tigerair Taiwan Co., Ltd.	Investments accounted for using the equity method	Note 5	Non-related parties	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-	\$ -

- Note 1:   Marketable securities in this table include shares, bonds, beneficiary certificates and securities derived from these items.
- Note 2:   Fill in the two columns if marketable securities are accounted for using the equity method.
- Note 3:   The accumulated buying and selling amount should be calculated separately at the market price, whether it reaches \$300 million or 20% of the paid-in capital.
- Note 4:   Paid-in capital is the paid-in capital of the Company shares of issuers without par value, or NT\$10 per share, calculated according to 10% of the total equity attributable to the owners of the Company based on the regulation on transaction amounts of 20% of paid-in capital.
- Note 5:   Subsidiary’s listing plan to conduct a public offering of shares.

TABLE 5

CHINA AIRLINES, LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable or Payable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Airlines, Ltd. ("China Airlines")	Dynasty Aerotech International Corp.	Subsidiary	Purchase	\$ 397,179	0.26	2 months	\$ -	-	\$ (75,674)	(2.56)	
	Cal Park	Subsidiary	Purchase	231,562	0.15	2 months	-	-	-	-	
	Cal Hotel Co., Ltd.	Subsidiary	Purchase	240,071	0.16	2 months	-	-	(20,465)	(0.69)	
	Mandarin Airlines	Subsidiary	Sale	(1,106,452)	(0.63)	2 months	-	-	193,271	1.74	
	Taiwan Air Cargo Terminal	Subsidiary	Purchase	525,701	0.35	30 days	-	-	(49,628)	(1.68)	
	Taoyuan International Airport Service	Subsidiary	Purchase	1,224,549	0.82	40 days	-	-	(357,365)	(12.10)	
	Taiwan Airport Services	Subsidiary	Purchase	303,333	0.20	40 days	-	-	(66,722)	(2.26)	
	Tigerair Taiwan Co., Ltd.	Subsidiary	Sale	(528,689)	(0.30)	1 month	-	-	45,998	0.41	
	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	Subsidiary	Purchase	421,298	0.28	1 month	-	-	(30,063)	(1.02)	
	Kaohsiung Catering Service, Ltd.	Subsidiary	Purchase	431,264	0.29	90 days	-	-	(58,917)	(2.00)	
	Eastern United International Logistics (Holdings) Ltd.	Equity-method investee	Purchase	217,061	0.14	2 months	-	-	(17,969)	(0.61)	
	China Pacific Laundry Services	Equity-method investee	Purchase	178,499	0.12	90 days	-	-	(29,642)	(1.00)	
Mandarin Airlines	China Pacific Catering Services	Equity-method investee	Purchase	2,946,464	1.97	90 days	-	-	(754,826)	(25.57)	
	Taiwan Airport Services	Same parent company	Purchase	369,031	6.60	1 month	-	-	(22,113)	(2.55)	
Tigerair Taiwan Co., Ltd.	Taoyuan International Airport Services	Same parent company	Purchase	317,314	2.81	40 days	-	-	(93,753)	(6.44)	
	Taiwan Airport Services	Same parent company	Purchase	207,794	1.84	40 days	-	-	(35,822)	(2.46)	
Cal Hotel	Cal Park	Same parent company	Purchase	114,508	27.62	1 month	-	-	-	-	

**TABLE 6**

**CHINA AIRLINES, LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**DECEMBER 31, 2024**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Taoyuan International Airport Service	China Airlines	Parent company	\$ 357,365	3.83	\$ -	-	\$ 357,365	\$ -
China Pacific Catering Services	China Airlines	Joint venture investment	754,826	4.30	-	-	498,662	-
Mandarin Airlines	China Airlines	Parent company	110,114	Note	-	-	110,114	-
China Airlines	Mandarin Airlines	Subsidiary	193,271	7.27	-	-	192,086	-

Note: Due to the nature of the industry, accounts receivable and operating revenue are not directly related, and the turnover rate is not applicable.



TABLE 7

CHINA AIRLINES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
China Airlines, Ltd.	Cal Park	Taoyuan, Taiwan	Real estate lease and international trade	\$ 1,500,000	\$ 1,500,000	156,273,036	100.00	\$ 1,844,037	\$ 211,515	\$ 57,214	Note 4
	Mandarin Airlines	Taipei, Taiwan	Air transportation and maintenance of aircraft	4,039,140	4,039,140	387,831,234	96.96	2,074,749	415,873	401,875	Notes 1 and 4
	Taiwan Air Cargo Terminal	Taoyuan, Taiwan	Air cargo and storage	1,080,000	1,080,000	108,000,000	54.00	1,418,805	382,516	206,598	Note 4
	Cal-Dynasty International	Los Angeles, U.S.A.	A holding company, real estate and hotel services	US\$ 26,145	US\$ 26,145	2,614,500	100.00	1,559,788	49,111	47,432	Notes 2 and 4
	China Pacific Catering Services	Taoyuan, Taiwan	In-flight catering	439,110	439,110	72,471,000	51.00	1,353,902	1,122,284	572,365	-
	Taoyuan International Airport Services	Taoyuan, Taiwan	Airport services	147,000	147,000	34,300,000	49.00	397,118	236,453	115,862	-
	Cal-Asia Investment	Territory of the British Virgin Islands	General investment	US\$ 7,172	US\$ 7,172	7,172,346	100.00	720,382	48,430	48,430	-
	Sabre Travel Network (Taiwan)	Taipei, Taiwan	Sale and maintenance of hardware and software	52,200	52,200	13,021,042	93.93	275,251	88,465	83,095	-
	Taiwan Airport Services	Taipei, Taiwan	Airport services	12,289	12,289	20,626,644	47.35	174,077	237,098	112,266	-
	Kaohsiung Catering Services	Kaohsiung, Taiwan	In-flight catering	383,846	383,846	21,494,637	53.67	477,716	155,952	81,134	Note 5
	Cal Hotel Co., Ltd.	Taoyuan, Taiwan	Hotel business	224,800	334,800	33,480,000	100.00	308,630	(36,582)	(31,532)	Note 4
	China Pacific Laundry Services	Taoyuan, Taiwan	Cleaning and leasing of the towel of airlines, hotels, restaurants and health clubs	137,500	137,500	13,750,000	55.00	119,765	31,282	17,205	-
	Dynasty Aerotech International Corp.	Taoyuan, Taiwan	Cleaning of aircraft and maintenance of machine and equipment	77,270	77,270	77,270	100.00	136,866	23,772	23,931	Notes 4
	Global Sky Express	Taipei, Taiwan	Forwarding and storage of air cargo	2,500	2,500	250,000	25.00	5,524	(486)	(122)	-
	Tigerair Taiwan Co., Ltd.	Taipei, Taiwan	Air transportation and maintenance of aircraft	5,560,884	6,240,018	300,879,050	65.48	4,993,997	2,771,783	2,044,781	Note 4
	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	Taoyuan, Taiwan	Aircraft maintenance	560,000	560,000	56,000,000	100.00	336,612	(40,525)	(40,525)	-
	NORDAM Asia Ltd.	Taoyuan, Taiwan	Composite repair and manufacturing business	37,975	37,975	3,797,500	49.00	-	-	-	-
Mandarin Airlines	Tigerair Taiwan Co., Ltd.	Taipei, Taiwan	Air transportation and maintenance of aircraft	183,846	183,846	16,613,624	3.61	276,086	2,771,783	102,564	-
	Taiwan Airport Services	Taipei, Taiwan	Airport services	11,658	11,658	469,755	1.08	3,960	237,098	2,554	-
Cal-Asia Investment	Eastern United International Logistics	Hong Kong	Forwarding and storage of air cargo	HK\$ 3,329	HK\$ 3,329	1,050,000	35.00	44,300	13,734	4,807	-
Taiwan Airport Services	Taiwan Airport Service (Samoa)	Samoa	Airport services and investment	US\$ 5,877	US\$ 5,877	-	100.00	456,067	34,678	34,678	Note 3

Note 1: Adopted the treasury share method in recognizing investment income or loss.

Note 2: Represents the consolidated financial information of the foreign holding company disclosed in accordance with local regulations.

Note 3: The Company does not issue shares because it is a limited company.

Note 4: The difference is due to lease arrangement between consolidated entities.

Note 5: The difference is due to acquisition.

TABLE 8

CHINA AIRLINES, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars/Renminbi/U.S. Dollars in Thousands, Unless Stated Otherwise)

China Airlines

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	\$ 1,143,226 (RMB 254,480)	Indirect (Note 1)	\$ 137,245 (US\$ 4,186)	\$ -	\$ -	\$ 137,245 (US\$ 4,186)	\$ 115,417 (RMB 35,325)	14.00	\$ 22,039 (RMB 4,945)	\$ 288,137 (RMB 64,139)	\$ 139,383 (US\$ 4,251) (Note 2)
Airport Air Cargo Service (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	62,894 (RMB 14,000)	Indirect (Note 1)	63,851 (US\$ 1,947)	-	-	63,851 (US\$ 1,947)	88,508 (RMB 19,862)	14.00	12,391 (RMB 2,781)	96,977 (RMB 21,587)	73,059 (US\$ 2,228) (Note 2)
Taikoo (Xiamen) Landing Gear Services	Landing gear maintenance services	2,724,264 (US\$ 83,090)	Indirect (Note 1)	70,531 (US\$ 2,151)	-	-	70,531 (US\$ 2,151)	-	2.59	-	-	-
Taikoo Spirit Aerospace Systems (Jinjang)	Composite material	382,394 (US\$ 11,663)	Indirect (Note 1)	20,852 (US\$ 636)	-	-	20,852 (US\$ 636)	-	5.45	-	69,426 (RMB 15,454)	26,097 (US\$ 796)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$292,479 (US\$8,920)	\$705,644 (Note 3)	\$54,329,314 (Note 4)

(Continued)

Taiwan Airport Services

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	\$ 1,143,226 (RMB 254,480)	Indirect (Note 5)	\$ 131,749 (US\$ 4,018)	\$ -	\$ -	\$ 131,749 (US\$ 4,018)	\$ 157,417 (RMB 35,325)	14.00	\$ 22,038 (RMB 4,945)	\$ 286,879 (RMB 63,859)	\$ 172,231 (US\$ 5,256)
Airport Air Cargo Service (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	62,894 (RMB 14,000)	Indirect (Note 5)	63,172 (US\$ 1,927)	-	-	63,172 (US\$ 1,927)	88,508 (RMB 19,862)	14.00	12,391 (RMB 2,781)	97,193 (RMB 21,635)	90,478 (US\$ 2,760)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$194,922 (US\$5,945)	\$194,922 (US\$5,945)	\$220,610 (Note 4)

- Note 1: The Company invested in CAL-Asia Investment, which invested in a company located in mainland China.
- Note 2: As of December 31, 2024, the inward remittance of earnings amounted to US\$4,251,192 and US\$2,228,304.
- Note 3: The amount comprised US\$19,828,324, RMB4,200,000 and NT\$36,666,667.
- Note 4: The limit stated in the Investment Commission’s regulation “The Review Principle of Investment or Technical Cooperation in mainland China” is the larger of the Company’s net asset value or 60% of the consolidated net asset value.
- Note 5: Taiwan Airport Services invested in Taiwan Airport Services (Samoa), which invested in a company located in mainland China.
- Note 6: The RMB and U.S. dollar amounts of assets are converted at period-end rates and the gains (losses) are converted at the average of the period-end rates for the reporting period.

(Concluded)

TABLE 9

CHINA AIRLINES, LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND IMPORTANT TRANSACTIONS BETWEEN CHINA AIRLINES, LTD. AND ITS SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Natural of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount	Transaction Criteria	% of Total Consolidated Total Revenue or Assets
0	China Airlines, Ltd.	Mandarin Airlines	a	Air freight revenue	\$ 1,028,485	The same as ordinary transactions	0.50
		Tigerair Taiwan Co., Ltd.	a	Other operating revenue	528,689	The same as ordinary transactions	0.26
		Taoyuan International Airport Services	a	Airport service cost	1,224,549	The same as ordinary transactions	0.60
		Taiwan Airport Services	a	Airport service cost	303,333	The same as ordinary transactions	0.15
		Dynasty Aerotech International Corp.	a	Airport service cost	397,179	The same as ordinary transactions	0.19
		Taiwan Air Cargo Terminal	a	Other operating cost	525,701	The same as ordinary transactions	0.26
		Cal Park	a	Other operating cost	231,562	The same as ordinary transactions	0.11
		Cal Hotel Co., Ltd.	a	Other operating cost	240,071	The same as ordinary transactions	0.12
		Kaohsiung Catering Services	a	Passenger service cost	431,264	The same as ordinary transactions	0.21
		Mandarin Airlines	a	Accounts receivable - related parties	193,271	The same as ordinary transactions	0.09
		Taoyuan International Airport Services	a	Accounts payable - related parties	357,365	The same as ordinary transactions	0.18
		Taiwan Aircraft Maintenance and Engineering Co., Ltd.	a	Operating costs	421,298	The same as ordinary transactions	0.21
		Mandarin Airlines	a	Accounts payable - related parties	110,114	The same as ordinary transactions	0.05
1	Taiwan Air Cargo Terminal	China Airlines, Ltd.	b	Sales revenue	525,701	The same as ordinary transactions	0.26
2	Mandarin Airlines	China Airlines, Ltd.	b	Air freight costs	1,028,485	The same as ordinary transactions	0.50
		Taiwan Airport Service	c	Airport service cost	369,031	The same as ordinary transactions	0.18
		China Airlines, Ltd.	b	Accounts payable - related parties	110,114	The same as ordinary transactions	0.05
		China Airlines, Ltd.	b	Accounts payable and notes payable - related parties	193,271	The same as ordinary transactions	0.09
3	Taoyuan International Airport Services	China Airlines, Ltd.	b	Airport service revenue	1,224,549	The same as ordinary transactions	0.60
		China Airlines, Ltd.	b	Accounts receivable - related parties	357,365	The same as ordinary transactions	0.18
		Tigerair Taiwan Co., Ltd.	c	Operating revenue	317,314	The same as ordinary transactions	0.16
4	Dynasty Aerotech International Corp.	China Airlines, Ltd.	b	Operating revenue	397,179	The same as ordinary transactions	0.19
5	Cal Park	China Airlines, Ltd.	b	Operating revenue	231,562	The same as ordinary transactions	0.11
		Cal Hotel Co., Ltd.	c	Operating revenue	114,508	The same as ordinary transactions	0.06
6	Kaohsiung Catering Services	China Airlines, Ltd.	b	Operating revenue	431,264	The same as ordinary transactions	0.21
7	Tigerair Taiwan Co., Ltd.	China Airlines, Ltd.	b	Operating cost	528,689	The same as ordinary transactions	0.26
		Taoyuan International Airport Services	c	Airport service costs	317,314	The same as ordinary transactions	0.16
		Taiwan Airport Services	c	Airport service costs	207,794	The same as ordinary transactions	0.10

(Continued)

No.	Company Name	Related Party	Natural of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount	Transaction Criteria	% of Total Consolidated Total Revenue or Assets
8	Taiwan Airport Services	China Airlines, Ltd.	b	Operating revenue	\$ 303,333	The same as ordinary transactions	0.15
		Mandarin Airlines	c	Operating revenue	369,031	The same as ordinary transactions	0.18
		Tigerair Taiwan Co., Ltd.	c	Operating revenue	207,794	The same as ordinary transactions	0.10
9	Cal Hotel Co., Ltd.	China Airlines, Ltd.	b	Operating revenue	240,071	The same as ordinary transactions	0.12
		Cal Park	c	Other operating costs	114,508	The same as ordinary transactions	0.06
10	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	China Airlines, Ltd.	b	Operating revenue	421,298	The same as ordinary transactions	0.21

Note 1: The three directional types for transactions by business relationship between China Airlines, Ltd. and its subsidiaries are as follows:

- a. Parent to subsidiaries.
- b. Subsidiaries to parent.
- c. Subsidiaries to subsidiaries.

Note 2: Intercompany transactions were eliminated in the consolidated financial statements.

Note 3: The Company only discloses transaction amounts or balances of more than \$100,000 thousand.

(Concluded)

**TABLE 10****CHINA AIRLINES, LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR STOCKHOLDERS****DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
China Aviation Development Foundation (CADF)	1,867,341,935	30.72
National Development Fund (NDF)	519,750,519	8.55

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.