

China Airlines, Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2025 and 2024 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
China Airlines, Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of China Airlines, Ltd. and its subsidiaries (collectively, the "Group") as of June 30, 2025 and 2024, the related consolidated statements of comprehensive income for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of material accounting policy information (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Notes 13 and 14 to the consolidated financial statements, the financial statements of some non-significant subsidiaries and investments accounted for using the equity method included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2025 and 2024, the combined total assets of these non-significant subsidiaries were NT\$20,093,946 thousand and NT\$20,861,036 thousand, respectively, representing 6.12% and 6.80%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$10,861,811 thousand and NT\$11,987,859 thousand, respectively, representing 4.70% and 5.28%, respectively, of the consolidated total liabilities; for the three months ended June 30, 2025 and 2024, the amounts of the combined comprehensive income of these non-significant subsidiaries were NT\$480,769 thousand and NT\$340,521 thousand, respectively, representing 6.23% and 9.48%, respectively, of the consolidated total comprehensive income, and for the six months ended June 30, 2025 and 2024, the amounts of the combined comprehensive income of these non-significant subsidiaries were NT\$892,704 thousand and NT\$648,399 thousand, respectively, representing 7.37% and 9.70%, respectively, of the consolidated total comprehensive income. As of June 30, 2025 and 2024, the aforementioned investments accounted for using the equity method were NT\$2,579,026 thousand and NT\$2,101,114 thousand, respectively; for the three months ended June 30, 2025 and 2024, the amounts of combined share of the profit of investments accounted for using the equity method were NT\$229,688 thousand and NT\$176,770 thousand, respectively, and

for the six months ended June 30, 2025 and 2024, the amounts of combined share of the profit of investments accounted for using the equity method were NT\$429,520 thousand and NT\$336,605 thousand, respectively.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025 and 2024, its consolidated financial performance for the three months ended June 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matters - Use of Other Accountants’ Review Reports

We did not review the financial statements of some subsidiaries included in the consolidated financial statements of the Group, but such statements were reviewed by other auditors. Our conclusion, insofar as it relates to the amounts included in the consolidated financial statements for these subsidiaries, is based solely on the report of other auditors. As of June 30, 2025 and 2024, the total assets of these subsidiaries were NT\$21,135,780 thousand and NT\$20,032,924 thousand, respectively, representing 6.44% and 6.53%, respectively, of the consolidated total assets; for the three months ended June 30, 2025 and 2024, the total revenue of these subsidiaries were NT\$3,825,307 thousand and NT\$3,967,956 thousand, representing 7.45% and 7.89%, of the consolidated total revenue, respectively, and for the six months ended June 30, 2025 and 2024, the total revenue of these subsidiaries were NT\$8,453,961 thousand and NT\$8,214,468 thousand, representing 8.12% and 8.30% of the consolidated total revenue, respectively.

The engagement partners on the reviews resulting in this independent auditors’ review report are Kuan-Hao Lee and I-Chi Chien.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 8, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4, 6 and 31)	\$ 49,362,029	15	\$ 66,648,640	20	\$ 43,512,792	14
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	237,039	-	196,217	-	190,847	-
Financial assets at amortized cost - current (Notes 4, 9 and 31)	1,638,458	-	1,494,790	1	3,757,973	1
Financial assets for hedging - current (Notes 4, 6 and 31)	2,339,181	1	2,982,605	1	8,080,487	3
Notes and accounts receivable, net (Notes 4, 10 and 31)	9,773,690	3	11,087,366	3	10,527,491	3
Notes and accounts receivable - related parties (Notes 31 and 32)	6,155	-	6,222	-	5,441	-
Finance lease receivables - current (Notes 4, 21 and 31)	45,422	-	200,222	-	290,601	-
Other receivables (Notes 4 and 31)	957,164	-	1,136,627	-	825,720	-
Current tax assets (Notes 4 and 28)	66,585	-	58,597	-	35,079	-
Inventories, net (Notes 4 and 11)	11,921,490	4	12,299,321	4	10,880,897	4
Non-current assets held for sale (Notes 4, 5 and 12)	-	-	-	-	1,683,869	1
Other current assets (Note 18)	3,500,834	1	1,696,275	1	1,733,755	1
Total current assets	79,848,047	24	97,806,882	30	81,524,952	27
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 31)	157,136	-	140,886	-	58,581	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 31)	199,086	-	220,761	-	229,711	-
Financial assets for hedging - non-current (Notes 4 and 31)	757	-	6,227	-	8,018	-
Investments accounted for using the equity method (Notes 4 and 14)	2,579,026	1	2,287,153	1	2,101,114	1
Property, plant and equipment (Notes 4, 5, 15 and 33)	134,003,021	41	125,987,963	39	128,831,661	42
Right-of-use assets (Notes 4 and 21)	58,851,241	18	56,972,986	17	54,804,747	18
Investment properties (Notes 4 and 16)	2,071,444	1	2,071,558	1	2,071,671	1
Other intangible assets (Notes 4 and 17)	814,815	-	784,799	-	737,687	-
Deferred tax assets (Notes 4 and 28)	6,943,557	2	7,881,513	2	8,112,708	2
Finance lease receivables - non-current (Notes 4, 21 and 31)	-	-	-	-	50,436	-
Other non-current assets (Notes 18, 21, 31 and 33)	42,754,608	13	33,222,810	10	28,032,208	9
Total non-current assets	248,374,691	76	229,576,656	70	225,038,542	73
TOTAL	\$ 328,222,738	100	\$ 327,383,538	100	\$ 306,563,494	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 31)	\$ -	-	\$ -	-	\$ 70,000	-
Short-term bills payable (Notes 19 and 31)	-	-	-	-	180,000	-
Financial liabilities for hedging - current (Notes 4, 21 and 31)	8,506,585	3	9,661,129	3	9,434,815	3
Notes and accounts payable (Note 31)	1,361,224	-	1,654,189	-	1,697,293	1
Accounts payable - related parties (Notes 31 and 32)	927,799	-	811,189	-	786,887	-
Contract liabilities - current (Notes 4 and 23)	28,743,321	9	29,651,212	9	28,273,057	9
Other payables (Notes 22 and 31)	16,610,115	5	21,450,141	7	16,316,062	5
Current tax liabilities (Notes 4 and 28)	2,215,992	1	2,004,112	1	1,174,890	-
Provisions - current (Notes 4, 24 and 31)	3,165,992	1	1,679,375	-	553,116	-
Lease liabilities - current (Notes 4, 21 and 31)	4,301,780	1	3,643,176	1	3,526,037	1
Current portion of bonds payable and put option of convertible bonds (Notes 4, 20, 26 and 31)	2,677,777	1	1,650,000	-	1,650,000	1
Current portion of long-term borrowings (Notes 19, 31 and 33)	8,308,109	3	11,965,545	4	18,545,703	6
Other current liabilities (Note 31)	11,401,676	3	5,313,941	2	10,554,450	4
Total current liabilities	88,220,370	27	89,484,009	27	92,762,310	30
NON-CURRENT LIABILITIES						
Financial liabilities for hedging - non-current (Notes 4, 21 and 31)	29,853,511	9	31,970,060	10	29,848,218	10
Bonds payable - non-current (Notes 4, 20, 26 and 31)	2,650,000	1	4,419,339	1	5,873,496	2
Long-term borrowings - non-current (Notes 19, 31 and 33)	62,671,870	19	59,031,048	18	47,807,140	16
Contract liabilities - non-current (Notes 4 and 23)	5,198,525	1	4,849,929	2	3,901,011	1
Provisions - non-current (Notes 4, 24 and 31)	17,611,623	5	19,236,966	6	19,662,467	7
Deferred tax liabilities (Notes 4 and 28)	170,712	-	360,973	-	244,699	-
Lease liabilities - non-current (Notes 4, 21 and 31)	15,255,554	5	16,822,260	5	16,520,347	5
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	9,059,947	3	9,819,692	3	9,415,914	3
Other non-current liabilities (Note 31)	609,521	-	840,405	-	832,270	-
Total non-current liabilities	143,081,263	43	147,350,672	45	134,105,562	44
Total liabilities	231,301,633	70	236,834,681	72	226,867,872	74
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 20 and 26)						
Share capital	60,839,236	19	60,769,350	19	60,517,407	20
Capital surplus	5,882,360	2	5,829,477	2	3,891,557	1
Retained earnings						
Legal reserve	3,292,629	1	1,868,376	-	1,868,376	1
Special reserve	1,544,819	-	690,014	-	690,014	-
Unappropriated retained earnings	19,339,134	6	18,419,108	6	10,722,164	3
Total retained earnings	24,176,582	7	20,977,498	6	13,280,554	4
Other equity	1,704,635	-	(1,544,819)	(1)	(1,305,722)	-
Treasury shares	(30,875)	-	(30,875)	-	(30,875)	-
Total equity attributable to owners of the Company	92,571,938	28	86,000,631	26	76,352,921	25
NON-CONTROLLING INTERESTS (Note 26)	4,349,167	2	4,548,226	2	3,342,701	1
Total equity	96,921,105	30	90,548,857	28	79,695,622	26
TOTAL	\$ 328,222,738	100	\$ 327,383,538	100	\$ 306,563,494	100

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

(With Deloitte & Touche auditors' review report dated August 8, 2025)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 32)	\$ 51,332,558	100	\$ 50,268,867	100	\$ 104,104,586	100	\$ 98,913,425	100
OPERATING COSTS (Notes 4, 11, 15, 17, 21, 24, 25, 27 and 32)	41,750,031	81	42,331,283	84	84,902,338	82	83,379,116	84
GROSS PROFIT	9,582,527	19	7,937,584	16	19,202,248	18	15,534,309	16
OPERATING EXPENSES (Notes 4, 15, 21, 25, 27 and 32)	3,765,352	8	3,722,153	8	7,734,125	7	7,466,571	8
PROFIT FROM OPERATIONS	5,817,175	11	4,215,431	8	11,468,123	11	8,067,738	8
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 27)	529,110	1	874,318	2	1,128,681	1	1,376,368	2
Other gains and losses (Notes 12, 14, 27 and 31)	(532,462)	(1)	(27,125)	-	(411,453)	-	351,658	-
Finance costs (Notes 27 and 31)	(752,516)	(1)	(646,338)	(1)	(1,528,048)	(1)	(1,288,104)	(1)
Share of profit of associates and joint ventures (Note 14)	229,688	-	176,770	-	429,520	-	336,605	-
Total non-operating income and expenses	(526,180)	(1)	377,625	1	(381,300)	-	776,527	1
PROFIT BEFORE INCOME TAX	5,290,995	10	4,593,056	9	11,086,823	11	8,844,265	9
INCOME TAX EXPENSE (Notes 4, 5 and 28)	1,041,281	2	861,984	2	2,181,111	2	1,703,279	2
NET PROFIT FOR THE PERIOD	4,249,714	8	3,731,072	7	8,905,712	9	7,140,986	7
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
(Loss) gain on hedging instruments subject to basis adjustment (Notes 4, 26 and 31)	(549,803)	(1)	238,506	1	(492,386)	-	796,479	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 26)	18,666	-	4,567	-	21,772	-	(46,355)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 28)	(4,140)	-	(514)	-	(4,637)	-	9,546	-
	(535,277)	(1)	242,559	1	(475,251)	-	759,670	1

(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	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)	\$ (297,706)	-	\$ 32,708	-	\$ (258,714)	-	\$ 108,445	-
Gain (loss) on hedging instruments not subject to basis adjustment (Notes 4, 21, 26 and 31)	5,300,755	10	(510,990)	(1)	4,854,324	4	(1,632,023)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 28)	(1,000,611)	(2)	96,228	-	(919,122)	(1)	306,765	-
	<u>4,002,438</u>	<u>8</u>	<u>(382,054)</u>	<u>(1)</u>	<u>3,676,488</u>	<u>3</u>	<u>(1,216,813)</u>	<u>(1)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>3,467,161</u>	<u>7</u>	<u>(139,495)</u>	<u>-</u>	<u>3,201,237</u>	<u>3</u>	<u>(457,143)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 7,716,875</u>	<u>15</u>	<u>\$ 3,591,577</u>	<u>7</u>	<u>\$ 12,106,949</u>	<u>12</u>	<u>\$ 6,683,843</u>	<u>7</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 3,855,530	7	\$ 3,446,293	7	\$ 8,041,099	8	\$ 6,545,583	7
Non-controlling interests	<u>394,184</u>	<u>1</u>	<u>284,779</u>	<u>-</u>	<u>864,613</u>	<u>1</u>	<u>595,403</u>	<u>-</u>
	<u>\$ 4,249,714</u>	<u>8</u>	<u>\$ 3,731,072</u>	<u>7</u>	<u>\$ 8,905,712</u>	<u>9</u>	<u>\$ 7,140,986</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 7,340,078	14	\$ 3,305,752	7	\$ 11,256,002	11	\$ 6,082,029	6
Non-controlling interests	<u>376,797</u>	<u>1</u>	<u>285,825</u>	<u>-</u>	<u>850,947</u>	<u>1</u>	<u>601,814</u>	<u>1</u>
	<u>\$ 7,716,875</u>	<u>15</u>	<u>\$ 3,591,577</u>	<u>7</u>	<u>\$ 12,106,949</u>	<u>12</u>	<u>\$ 6,683,843</u>	<u>7</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 29)								
Basic	<u>\$ 0.63</u>		<u>\$ 0.57</u>		<u>\$ 1.32</u>		<u>\$ 1.08</u>	
Diluted	<u>\$ 0.63</u>		<u>\$ 0.56</u>		<u>\$ 1.30</u>		<u>\$ 1.06</u>	

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

(With Deloitte & Touche auditors' review report dated August 8, 2025)

(Concluded)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Retained Earnings					Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Treasury Shares Held by Subsidiaries	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE ON JANUARY 1, 2024	\$ 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	-	-	-	-	-	-	-	(152,154)	-	(152,154)	-	(152,154)
Appropriation of 2023 earnings												
Legal reserve	-	-	637,399	-	(637,399)	-	-	-	-	-	-	-
Special reserve	-	-	-	155,639	(155,639)	-	-	-	-	-	-	-
Cash dividends - \$0.69016808 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
Net profit for the six months ended June 30, 2024	-	-	-	-	6,545,583	-	-	-	-	6,545,583	595,403	7,140,986
Other comprehensive income (loss) for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	83,519	(36,809)	(510,264)	-	(463,554)	6,411	(457,143)
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	6,545,583	83,519	(36,809)	(510,264)	-	6,082,029	601,814	6,683,843
Convertible bonds converted to ordinary shares	4,000	3,080	-	-	-	-	-	-	-	7,080	-	7,080
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(146,868)	(146,868)
BALANCE ON JUNE 30, 2024	<u>\$ 60,517,407</u>	<u>\$ 3,891,557</u>	<u>\$ 1,868,376</u>	<u>\$ 690,014</u>	<u>\$ 10,722,164</u>	<u>\$ 70,554</u>	<u>\$ (14,083)</u>	<u>\$ (1,362,193)</u>	<u>\$ (30,875)</u>	<u>\$ 76,352,921</u>	<u>\$ 3,342,701</u>	<u>\$ 79,695,622</u>
BALANCE ON JANUARY 1, 2025	\$ 60,769,350	\$ 5,829,477	\$ 1,868,376	\$ 690,014	\$ 18,419,108	\$ 88,681	\$ 50,613	\$ (1,684,113)	\$ (30,875)	\$ 86,000,631	\$ 4,548,226	\$ 90,548,857
Basis adjustment to gain on hedging instruments	-	-	-	-	-	-	-	34,551	-	34,551	-	34,551
Appropriation of 2024 earnings												
Legal reserve	-	-	1,424,253	-	(1,424,253)	-	-	-	-	-	-	-
Special reserve	-	-	-	854,805	(854,805)	-	-	-	-	-	-	-
Cash dividends - \$0.79587046 per share	-	-	-	-	(4,842,015)	-	-	-	-	(4,842,015)	-	(4,842,015)
Changes in capital surplus from dividends distributed to subsidiaries	-	1,651	-	-	-	-	-	-	-	1,651	-	1,651
Net profit for the six months ended June 30, 2025	-	-	-	-	8,041,099	-	-	-	-	8,041,099	864,613	8,905,712
Other comprehensive income (loss) for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	(193,251)	17,135	3,391,019	-	3,214,903	(13,666)	3,201,237
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	8,041,099	(193,251)	17,135	3,391,019	-	11,256,002	850,947	12,106,949
Convertible bonds converted to ordinary shares	69,886	51,232	-	-	-	-	-	-	-	121,118	-	121,118
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,050,006)	(1,050,006)
BALANCE ON JUNE 30, 2025	<u>\$ 60,839,236</u>	<u>\$ 5,882,360</u>	<u>\$ 3,292,629</u>	<u>\$ 1,544,819</u>	<u>\$ 19,339,134</u>	<u>\$ (104,570)</u>	<u>\$ 67,748</u>	<u>\$ 1,741,457</u>	<u>\$ (30,875)</u>	<u>\$ 92,571,938</u>	<u>\$ 4,349,167</u>	<u>\$ 96,921,105</u>

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

(With Deloitte & Touche auditors’ review report dated August 8, 2025)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 11,086,823	\$ 8,844,265
Adjustments for:		
Depreciation expense	14,471,314	14,555,833
Amortization expense	97,245	109,853
Expected credit loss recognized on trade receivables	59	-
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(1,678)	(1,202)
Finance costs	1,528,048	1,288,104
Interest income	(1,002,703)	(1,063,452)
Dividend income	(13,647)	(9,911)
Share of profit of associates and joint ventures	(429,520)	(336,605)
Gain on disposal of property, plant and equipment	(22,824)	(355,052)
Loss on inventories and property, plant and equipment	479,069	777,032
Reversal of impairment loss recognized on flight equipment	-	(97,056)
Net (gain) loss on foreign currency exchange	(480,418)	814,042
Recognition of provisions	3,219,487	2,291,803
Others	(3,858)	(734)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(39,144)	(3,085)
Notes and accounts receivable	854,545	(451,327)
Accounts receivable - related parties	(126,369)	(305,764)
Other receivables	101,323	333,701
Inventories	19,845	(443,106)
Other current assets	(1,853,982)	(191,687)
Notes and accounts payable	(123,525)	343,178
Accounts payable - related parties	248,337	457,157
Other payables	(4,952,999)	(2,028,012)
Contract liabilities	(515,008)	2,787,304
Provisions	(1,582,893)	(2,390,178)
Other current liabilities	197,801	847,050
Defined benefit liabilities	(759,745)	(290,115)
Other non-current liabilities	2,648	8,262
Cash generated from operations	20,398,231	25,490,298
Interest received	1,174,326	979,665
Dividends received	13,647	9,911
Interest paid	(1,535,322)	(1,247,757)
Income tax paid	(2,143,697)	(305,207)
Net cash generated from operating activities	17,907,185	24,926,910

(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	\$ (1,175,816)	\$ (8,090,403)
Proceeds from sale of financial assets at amortized cost	898,240	8,515,075
Purchase of financial assets for hedging	(5,477,328)	(18,374,958)
Proceeds from sale of financial assets for hedging	5,707,048	21,449,190
Payments for property, plant and equipment	(4,053,902)	(1,526,591)
Proceeds from disposal of property, plant and equipment	51,366	2,689,212
Increase in refundable deposits	(233,464)	(117,001)
Decrease in refundable deposits	190,653	207,650
Decrease in finance lease receivables	151,586	149,380
Increase in prepayments for equipment	(21,556,411)	(10,333,563)
Increase in other intangible assets	(126,897)	(56,368)
Decrease in restricted assets	<u>37,535</u>	<u>138,900</u>
Net cash used in investing activities	<u>(25,587,390)</u>	<u>(5,349,477)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowing	-	35,000
Proceeds from short-term bills payable	-	160,000
Repayments of bonds payable	(625,000)	(2,125,000)
Proceeds from long-term borrowings	7,789,080	8,339,033
Repayments of long-term borrowings	(7,805,694)	(7,133,547)
Repayments of the principal portion of lease liabilities	(6,557,400)	(6,492,496)
Proceeds from guarantee deposits received	105,498	184,887
Refund of guarantee deposits received	(58,595)	(81,719)
Dividends paid to non-controlling interests	<u>-</u>	<u>(2,325)</u>
Net cash used in financing activities	<u>(7,152,111)</u>	<u>(7,116,167)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,454,295)</u>	<u>659,962</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(17,286,611)	13,121,228
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>66,648,640</u>	<u>30,391,564</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 49,362,029</u>	<u>\$ 43,512,792</u>

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

(With Deloitte & Touche auditors' review report dated August 8, 2025)

(Concluded)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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.

2. APPROVAL OF 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 August 8, 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 a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
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
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
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 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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

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.

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:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. 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
- c. Level 3 inputs are unobservable inputs for an asset or liability.

Basis of Consolidation

The consolidated financial statements reporting principles are the same as those in the consolidated financial statements for the year ended December 31, 2024.

Other Material Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

- a. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

- b. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The material accounting judgments and key sources of estimation uncertainty for these interim consolidated financial statements are the same as those applied for the consolidated financial statements for the year ended December 31, 2024.

6. CASH AND CASH EQUIVALENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand and revolving funds	\$ 770,578	\$ 822,915	\$ 753,877
Checking accounts and demand deposits	17,055,483	14,138,656	14,406,049
Cash equivalents			
Time deposits with original maturities of less than 3 months	22,322,188	38,618,227	24,224,990
Repurchase agreements collateralized by bonds	<u>9,213,780</u>	<u>13,068,842</u>	<u>4,127,876</u>
	<u>\$ 49,362,029</u>	<u>\$ 66,648,640</u>	<u>\$ 43,512,792</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
Bank balance	0%-4.50%	0%-4.80%	0%-5.25%
Time deposits with original maturities of less than 3 months	1.225%-4.75%	1.30%-5.49%	0.475%-5.87%
Repurchase agreements collateralized by bonds	1.20%-4.69%	1.15%-5.12%	1.00%-5.60%

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
June 30, 2025	2025.7.1-2025.9.30	Financial assets for hedging - current	\$ 2,339,181
December 31, 2024	2025.1.2	Financial assets for hedging - current	2,950,820
June 30, 2024	2024.7.1-2024.8.2	Financial assets for hedging - current	7,954,545

Impact on other comprehensive income (loss)

	Recognized in Other Comprehensive Income (Loss)
For the six months ended June 30, 2025	\$ (384,830)
For the three months ended June 30, 2025	(424,044)
For the six months ended June 30, 2024	568,931
For the three months ended June 30, 2024	173,748

For the six months ended June 30, 2025 and 2024, the amount of hedging instrument settlements recognized as prepayments for equipment were \$37,463 thousand and \$0 thousand, respectively.

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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Beneficiary certificates	\$ 237,039	\$ 196,217	\$ 190,847

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

Investments in Equity Instruments

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Non-current</u>			
Foreign investments			
Unlisted shares	\$ 133,250	\$ 117,423	\$ 34,421
Listed shares	380	368	-
Domestic investments			
Unlisted shares	<u>23,506</u>	<u>23,095</u>	<u>24,160</u>
	<u>\$ 157,136</u>	<u>\$ 140,886</u>	<u>\$ 58,581</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 investments. 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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 1,638,458	\$ 1,494,790	\$ 3,530,700
Repurchase agreements collateralized by notes with original maturities of more than 3 months	<u>-</u>	<u>-</u>	<u>227,273</u>
	<u>\$ 1,638,458</u>	<u>\$ 1,494,790</u>	<u>\$ 3,757,973</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	<u>\$ 199,086</u>	<u>\$ 220,761</u>	<u>\$ 229,711</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.71% - 5.00%, 0.67%-5.25% and 0.21%-5.61% per annum as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Notes receivable</u>	<u>\$ 347,125</u>	<u>\$ 207,448</u>	<u>\$ 344,584</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	9,686,663	11,139,883	10,439,953
Less: Allowance for impairment loss	<u>(260,098)</u>	<u>(259,965)</u>	<u>(257,046)</u>
	<u>9,426,565</u>	<u>10,879,918</u>	<u>10,182,907</u>
	<u>\$ 9,773,690</u>	<u>\$ 11,087,366</u>	<u>\$ 10,527,491</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 among 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 the 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:

June 30, 2025

	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	1.14%	6.10%	46.69%	99.49%	100%	
Gross carrying amount	\$ 9,426,442	\$ 112,797	\$ 2,570	\$ 1,569	\$ 143,285	\$ 9,686,663
Loss allowance (lifetime ECLs)	<u>(107,172)</u>	<u>(6,880)</u>	<u>(1,200)</u>	<u>(1,561)</u>	<u>(143,285)</u>	<u>(260,098)</u>
Amortized cost	<u>\$ 9,319,270</u>	<u>\$ 105,917</u>	<u>\$ 1,370</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 9,426,565</u>

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>

June 30, 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	0.80%	8.58%	51.69%	99.74%	100%	
Gross carrying amount	\$ 10,098,812	\$ 160,310	\$ 37,310	\$ 2,673	\$ 140,848	\$ 10,439,953
Loss allowance (lifetime ECLs)	<u>(80,487)</u>	<u>(13,758)</u>	<u>(19,287)</u>	<u>(2,666)</u>	<u>(140,848)</u>	<u>(257,046)</u>
Amortized cost	<u>\$ 10,018,325</u>	<u>\$ 146,552</u>	<u>\$ 18,023</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 10,182,907</u>

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

	For the Six Months Ended June 30	
	2025	2024
Balance on January 1	\$ 259,965	\$ 257,453
Add: Net remeasurement of loss allowance	59	-
Add: Amounts recovered	373	-
Less: Amounts written off	<u>(299)</u>	<u>(407)</u>
Balance on June 30	<u>\$ 260,098</u>	<u>\$ 257,046</u>

11. INVENTORIES, NET

	June 30, 2025	December 31, 2024	June 30, 2024
Aircraft spare parts	\$ 10,045,720	\$ 9,909,879	\$ 9,171,420
Work in process - maintenance services	986,589	1,527,240	874,017
Items for in-flight sale	777,281	750,643	730,668
Others	<u>111,900</u>	<u>111,559</u>	<u>104,792</u>
	<u>\$ 11,921,490</u>	<u>\$ 12,299,321</u>	<u>\$ 10,880,897</u>

The operating costs for the three months ended June 30, 2025 and 2024 and the six months ended June 30, 2025 and 2024 included losses from inventory write-downs of \$21,923 thousand, \$185,290 thousand, \$306,824 thousand and \$665,830 thousand, respectively.

12. NON-CURRENT ASSETS HELD FOR SALE

	June 30, 2025	December 31, 2024	June 30, 2024
Aircraft held for sale	\$ -	\$ -	\$ 1,683,869

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 \$0 thousand and \$218,231 thousand for the six months ended June 30, 2025 and 2024, 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.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor Company	Investee Company	Main Businesses and Products	Proportion of Ownership (%)		
			June 30, 2025	December 31, 2024	June 30, 2024
China Airlines, Ltd.	Tigerair Taiwan Co., Ltd. (Note)	Air transportation	69	69	79
	Taiwan Aircraft Maintenance And Engineering Co., Ltd.	Aircraft maintenance	100	100	100
	Cal-Dynasty International	A holding company, real estate and hotel services	100	100	100
	Cal-Asia Investment	General investing	100	100	100
	Dynasty Aerotech International Corp.	Cleaning of aircraft and maintenance of machine and equipment	100	100	100
	Cal Park	Real estate lease and international trade	100	100	100
	Cal Hotel Co., Ltd.	Hotel business	100	100	100
	Sabre Travel Network (Taiwan)	Sale and maintenance of hardware and software	94	94	94
	Mandarin Airlines	Air transportation and maintenance of aircraft	97	97	97
	Taiwan Air Cargo Terminal (Note)	Air cargo and storage	59	59	59
	Kaohsiung Catering Services, Ltd.	In-flight catering	54	54	54
	Taoyuan International Airport Services	Airport services	49	49	49
	Taiwan Airport Services (Note)	Airport services	48	48	48
	Global Sky Express	Forwarding and storage of air cargo	25	25	25
Cal-Dynasty International	Dynasty Properties Co., Ltd.	Real estate management	100	100	100
	Dynasty Hotel of Hawaii, Inc.	Hotel business	100	100	100
Taiwan Airport Services	Taiwan Airport Service (Samoa)	Airport supporting service and investment	100	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 six months ended June 30, 2025 and 2024 was reported according to financial statements that were not reviewed by independent auditors, except for Mandarin Airlines and Tigerair Taiwan Co., Ltd.

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.

In June 2025 and July 2024, respectively, Cal Park gained \$19,363 thousand and \$18,370 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

	June 30, 2025	December 31, 2024	June 30, 2024
Investments in associates	\$ 788,834	\$ 813,486	\$ 920,209
Investments in joint ventures	<u>1,790,192</u>	<u>1,473,667</u>	<u>1,180,905</u>
	<u>\$ 2,579,026</u>	<u>\$ 2,287,153</u>	<u>\$ 2,101,114</u>

a. Investments in associates

The investments in associates were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Unlisted companies</u>			
Airport Air Cargo Terminal (Xiamen)	\$ 555,203	\$ 575,016	\$ 545,860
Airport Air Cargo Service (Xiamen)	190,748	194,170	322,258
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	<u>42,883</u>	<u>44,300</u>	<u>52,091</u>
	<u>\$ 788,834</u>	<u>\$ 813,486</u>	<u>\$ 920,209</u>

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

Name of Associate	Proportion of Ownership and Voting Rights		
	June 30, 2025	December 31, 2024	June 30, 2024
Airport Air Cargo Terminal (Xiamen)	28%	28%	28%
Airport Air Cargo Service (Xiamen)	28%	28%	28%
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	35%	35%	35%

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Airport Air Cargo Terminal (Xiamen)	\$ 12,703	\$ 11,037	\$ 22,778	\$ 18,380
Airport Air Cargo Service (Xiamen)	5,549	6,836	11,238	12,759
Eastern United International Logistics (Holdings) Ltd. (Hong Kong)	<u>685</u>	<u>767</u>	<u>1,874</u>	<u>1,511</u>
	<u>\$ 18,937</u>	<u>\$ 18,640</u>	<u>\$ 35,890</u>	<u>\$ 32,650</u>

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 not been independently reviewed. However, the management determined that there would have been no significant adjustments had these investees' financial statements been independently reviewed.

b. Investments in joint ventures

The investments in joint ventures were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
China Pacific Catering Services	\$ 1,662,640	\$ 1,353,902	\$ 1,063,338
China Pacific Laundry Services	127,552	119,765	109,937
NORDAM Asia Ltd.	-	-	-
Delica International Co., Ltd.	<u>-</u>	<u>-</u>	<u>7,630</u>
	<u>\$ 1,790,192</u>	<u>\$ 1,473,667</u>	<u>\$ 1,180,905</u>

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

	Proportion of Ownership and Voting Rights		
	June 30, 2025	December 31, 2024	June 30, 2024
China Pacific Catering Services	51%	51%	51%
China Pacific Laundry Services	55%	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. The court approved the completion of liquidation on July 29, 2025. No related gains or losses were recognized.

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:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
China Pacific Catering Services	\$ 205,495	\$ 153,752	\$ 385,842	\$ 295,722
China Pacific Laundry Services	5,256	4,378	7,788	8,233
NORDAM Asia Ltd.	-	-	-	-
Delica International Co., Ltd.	-	-	-	-
	<u>\$ 210,751</u>	<u>\$ 158,130</u>	<u>\$ 393,630</u>	<u>\$ 303,955</u>

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 not been independently reviewed. However, the management determined that there would have been no significant adjustments had these investee's financial statements been independently reviewed.

For information on the major businesses and products and the locations of registration for the major business offices of the above entities, refer to Table 5 (names, locations, and related information of investees on which the Company exercises significant influence) and Table 6 (investment in mainland China) following the notes to the consolidated financial statements.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Flight Equipment	Others	Total
<u>Cost</u>					
Balance on January 1, 2024	\$ 997,537	\$ 16,204,479	\$ 227,792,901	\$ 18,241,668	\$ 263,236,585
Additions	-	40,326	1,249,570	236,695	1,526,591
Disposals	-	(950)	(3,042,832)	(182,050)	(3,225,832)
Reclassification	-	219	(3,004,209)	13,548	(2,990,442)
Net exchange differences	30,017	56,567	-	6,544	93,128
Balance on June 30, 2024	<u>\$ 1,027,554</u>	<u>\$ 16,300,641</u>	<u>\$ 222,995,430</u>	<u>\$ 18,316,405</u>	<u>\$ 258,640,030</u>
<u>Accumulated depreciation and impairment</u>					
Balance on January 1, 2024	\$ -	\$ (8,616,999)	\$ (117,861,943)	\$ (13,414,912)	\$ (139,893,854)
Depreciation expense	-	(253,328)	(7,119,612)	(477,033)	(7,849,973)
Disposals	-	950	2,896,811	182,469	3,080,230
Reclassification	-	-	15,016,019	223	15,016,242
Impairment loss	-	-	(121,175)	-	(121,175)
Net exchange differences	-	(34,282)	-	(5,557)	(39,839)
Balance on June 30, 2024	<u>\$ -</u>	<u>\$ (8,903,659)</u>	<u>\$ (107,189,900)</u>	<u>\$ (13,714,810)</u>	<u>\$ (129,808,369)</u>
Balance on June 30, 2024, net value	<u>\$ 1,027,554</u>	<u>\$ 7,396,982</u>	<u>\$ 115,805,530</u>	<u>\$ 4,601,595</u>	<u>\$ 128,831,661</u>
<u>Cost</u>					
Balance on January 1, 2025	\$ 1,033,199	\$ 16,552,168	\$ 216,251,620	\$ 18,626,178	\$ 252,463,165
Additions	-	252,720	3,328,640	472,542	4,053,902
Disposals	-	(1,700)	(1,232,583)	(214,269)	(1,448,552)
Reclassification	-	8,564	12,304,772	(134,925)	12,178,411
Net exchange differences	(62,694)	(119,352)	-	(14,189)	(196,235)
Balance on June 30, 2025	<u>\$ 970,505</u>	<u>\$ 16,692,400</u>	<u>\$ 230,652,449</u>	<u>\$ 18,735,337</u>	<u>\$ 267,050,691</u>
<u>Accumulated depreciation and impairment</u>					
Balance on January 1, 2025	\$ -	\$ (9,162,258)	\$ (103,317,308)	\$ (13,995,636)	\$ (126,475,202)
Depreciation expense	-	(265,483)	(7,356,008)	(483,660)	(8,105,151)
Disposals	-	1,700	1,060,227	210,763	1,272,690
Reclassification	-	-	13,010	160,304	173,314
Net exchange differences	-	74,695	-	11,984	86,679
Balance on June 30, 2025	<u>\$ -</u>	<u>\$ (9,351,346)</u>	<u>\$ (109,600,079)</u>	<u>\$ (14,096,245)</u>	<u>\$ (133,047,670)</u>
Balance on June 30, 2025, net value	<u>\$ 970,505</u>	<u>\$ 7,341,054</u>	<u>\$ 121,052,370</u>	<u>\$ 4,639,092</u>	<u>\$ 134,003,021</u>

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 asset 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 to sell five 747-400F aircraft on March 8, 2024, all of which were fully disposed of in 2024.

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 \$0 thousand and \$121,175 thousand for the six months ended June 30, 2025 and 2024, 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

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amount			
Investment properties	<u>\$ 2,071,444</u>	<u>\$ 2,071,558</u>	<u>\$ 2,071,671</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 were \$3,137,644 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024. 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.

17. OTHER INTANGIBLE ASSETS

	Computer Software Cost	Others	Accumulated Amortization	Net Value
Balance on January 1, 2024	\$ 1,976,490	\$ 168,280	\$ (1,353,203)	\$ 791,567
Additions	55,975	-	-	55,975
Reclassification	(62,927)	-	62,924	(3)
Amortization expense	-	-	(109,853)	(109,853)
Effects of exchange rate changes	-	-	1	1
Balance on June 30, 2024	<u>\$ 1,969,538</u>	<u>\$ 168,280</u>	<u>\$ (1,400,131)</u>	<u>\$ 737,687</u>
Balance on January 1, 2025	\$ 1,974,416	\$ 168,280	\$ (1,357,897)	\$ 784,799
Additions	126,897	-	-	126,897
Disposals	(34,497)	-	33,277	(1,220)
Reclassification	(316,360)	-	317,944	1,584
Amortization expense	-	-	(97,245)	(97,245)
Balance on June 30, 2025	<u>\$ 1,750,456</u>	<u>\$ 168,280</u>	<u>\$ (1,103,921)</u>	<u>\$ 814,815</u>

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

18. OTHER ASSETS

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Advance payments	\$ 1,713,648	\$ 343,274	\$ 322,316
Prepayments	1,036,865	833,966	934,887
Temporary payments	698,177	471,305	374,242
Restricted assets	11,091	13,159	12,580
Others	<u>41,053</u>	<u>34,571</u>	<u>89,730</u>
	<u>\$ 3,500,834</u>	<u>\$ 1,696,275</u>	<u>\$ 1,733,755</u>
<u>Non-current</u>			
Prepayments for aircraft	\$ 40,473,766	\$ 30,186,059	\$ 25,079,872
Prepayments - long-term	1,246,135	1,928,627	1,860,267
Refundable deposits	706,486	732,904	771,900
Restricted assets	301,894	351,825	289,420
Other financial assets	9,382	9,101	11,661
Others	<u>16,945</u>	<u>14,294</u>	<u>19,088</u>
	<u>\$ 42,754,608</u>	<u>\$ 33,222,810</u>	<u>\$ 28,032,208</u>

The prepayments for aircraft are comprised of prepaid deposits and capitalized interest from the purchase of A321neo, A320neo, ATR72-600, B787-9, B787-10, 777-9, 777-8F and A350-1000 aircraft. For details of the contract for the purchase of the aircraft, refer to Note 34.

19. BORROWINGS

a. Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Bank loans - unsecured	\$ <u>-</u>	\$ <u>-</u>	\$ <u>70,000</u>
Interest rates	-	-	1.94%-1.99%

b. Short-term bills payable

	June 30, 2025	December 31, 2024	June 30, 2024
Commercial paper	\$ <u>-</u>	\$ <u>-</u>	\$ <u>180,000</u>
Annual discount rate	-	-	2.07%-2.08%

c. Long-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ 5,495,396	\$ 6,026,499	\$ 6,205,892
Secured bank loans	41,836,660	44,585,526	39,735,011
Commercial paper			
Proceeds from issuance	23,710,000	20,430,000	20,450,000
Less: Unamortized discount	<u>62,077</u>	<u>45,432</u>	<u>38,060</u>
	70,979,979	70,996,593	66,352,843
Less: Current portion	<u>8,308,109</u>	<u>11,965,545</u>	<u>18,545,703</u>
	\$ <u>62,671,870</u>	\$ <u>59,031,048</u>	\$ <u>47,807,140</u>
Interest rates	1.87%-2.36%	1.65%-2.38%	1.14%-2.80%

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:

	June 30, 2025	December 31, 2024	June 30, 2024
Periods	2009.2.4- 2036.11.28	2009.2.4- 2036.11.28	2009.2.4- 2036.6.25

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 June 30, 2025, December 31, 2024 and June 30, 2024, such commercial papers were issued at discount rates of 2.0643%-2.1657%, 2.0853%-2.220% and 1.9947%-2.1840%, 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 June 30, 2025, the Group had made a drawdown in the amount of \$34,800 million and repaid \$34,650 million of the drawdown.

20. BONDS PAYABLE

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured corporate bonds first-time issued in 2018	\$ 1,025,000	\$ 1,025,000	\$ 2,050,000
Unsecured corporate bonds first-time issued in 2019	625,000	1,250,000	1,250,000
Unsecured corporate bonds first-time issued in 2023	2,650,000	2,650,000	2,650,000
Convertible bonds seventh-time issued	<u>1,027,777</u>	<u>1,144,339</u>	<u>1,573,496</u>
	5,327,777	6,069,339	7,523,496
Less: Current portion and put option of convertible bonds	<u>2,677,777</u>	<u>1,650,000</u>	<u>1,650,000</u>
	<u>\$ 2,650,000</u>	<u>\$ 4,419,339</u>	<u>\$ 5,873,496</u>

Related issuance conditions were as follows:

Category	Period	Conditions	Rate (%)
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
Seven-year private unsecured bonds - issued at par in June 2019; repayable in June 2025 and 2026; 1.32% interest p.a., payable annually	2019.6.21-2026.6.21	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	2023.5.22-2028.5.22	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 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 22, 2025, the conversion price was adjusted to NT\$16.9. As of June 30, 2025, a total face value of NT\$3,465,100 thousand of convertible bonds was converted into 186,765 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	75,938
Convertible bonds converted into ordinary shares	<u>(3,242,737)</u>
Liability component on December 31, 2024	1,144,339
Interest charged at an effective interest rate	4,556
Convertible bonds converted into ordinary shares	<u>(121,118)</u>
Liability component on June 30, 2025	<u>\$ 1,027,777</u>

- b. 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 and had not yet been issued as of June 30, 2025.

21. LEASE AGREEMENTS

- a. Right-of-use assets

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amounts			
Land	\$ 6,840,864	\$ 6,604,427	\$ 5,611,608
Buildings	2,577,472	2,913,530	2,906,044
Flight equipment	49,396,379	47,408,755	46,269,628
Other equipment	<u>36,526</u>	<u>46,274</u>	<u>17,467</u>
	<u>\$ 58,851,241</u>	<u>\$ 56,972,986</u>	<u>\$ 54,804,747</u>

	For the Six Months Ended June 30	
	2025	2024
Additions to right-of-use assets	\$ 7,226,108	\$ 9,126,365
Depreciation for right-of-use assets		
Land	\$ 237,607	\$ 205,329
Buildings	413,159	400,074
Flight equipment	5,697,197	6,097,305
Other equipment	18,086	3,039
	<u>\$ 6,366,049</u>	<u>\$ 6,705,747</u>

b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amounts			
Current	\$ 4,301,780	\$ 3,643,176	\$ 3,526,037
Non-current	\$ 15,255,554	\$ 16,822,260	\$ 16,520,347

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

	June 30, 2025	December 31, 2024	June 30, 2024
Land	0%-1.92%	0%-1.92%	0%-2.29%
Buildings	0%-4.65%	0%-4.65%	0%-4.65%
Flight equipment	0.74%-5.73%	0.74%-5.73%	0.74%-5.73%
Other equipment	0%-2.22%	0%-1.74%	0%-1.74%

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:

	Maturity Date	Subject	Carrying Value
June 30, 2025	2025.8.23-2037.4.10	Financial liabilities for hedging - current	\$ 8,415,785
		Financial liabilities for hedging - non-current	29,853,142
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
June 30, 2024	2024.9.23-2036.4.29	Financial liabilities for hedging - current	9,434,191
		Financial liabilities for hedging - non-current	29,848,218

Influence of comprehensive income (loss)

	Recognized in Other Comprehensive Income (Loss)	Reclassified to Income
For the six months ended June 30, 2025	\$ 4,860,819	\$ (110,319)
For the three months ended June 30, 2025	5,319,105	(5,953)
For the six months ended June 30, 2024	(1,771,793)	(237,616)
For the three months ended June 30, 2024	(485,331)	(158,267)

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, seven A320neo planes, fourteen A321neo planes and three ATR72-600 planes for operation, lease periods are 4 to 16 years from March 2015 to April 2037. 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:

	June 30, 2025	December 31, 2024	June 30, 2024
Refundable deposits	\$ 351,934	\$ 356,103	\$ 402,189
Credit guarantees	1,826,685	2,020,580	1,930,091

CAL Park, and Taoyuan International Airport Service signed a BOT contract with a land lease agreement, for the details of 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 \$940,255 thousand, \$933,989 thousand and \$927,765 thousand on June 30, 2025, December 31, 2024 and June 30, 2024, 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

On June 25, 2025, the Company signed a rental contract for three A321neo with Avolon Aerospace Lease Corporation, which are expected to be introduced in 2027.

On June 25, 2025, the Company's board of directors resolved to lease five A321neo from ALC, which are expected to be introduced in 2025.

In February 2020, Tigerair Taiwan Co., Ltd. signed a rental contract for eight A320neo with ICBC Lease Corporation, which are expected to be delivered between 2021 and 2025. As of June 30, 2025, seven 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, 2022 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

The composition of finance lease receivables is as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Undiscounted lease payments</u>			
Year 1	\$ 45,820	\$ 205,513	\$ 305,267
Year 2	-	-	50,878
	45,820	205,513	356,145
Less: Unearned finance income	(398)	(5,291)	(15,108)
Net investment in leases presented as finance lease receivables	<u>\$ 45,422</u>	<u>\$ 200,222</u>	<u>\$ 341,037</u>
Current	<u>\$ 45,422</u>	<u>\$ 200,222</u>	<u>\$ 290,601</u>
Non-current	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,436</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 uses operating lease agreement for investment properties, refer to Note 16.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Short-term leases and low-value asset leases	<u>\$ 27,480</u>	<u>\$ 22,304</u>	<u>\$ 54,764</u>	<u>\$ 45,796</u>
Total cash outflow for leases	<u>\$ (3,660,520)</u>	<u>\$ (3,867,766)</u>	<u>\$ (7,683,884)</u>	<u>\$ (7,398,641)</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

	June 30, 2025	December 31, 2024	June 30, 2024
Short-term employee benefits	\$ 5,687,899	\$ 9,621,200	\$ 4,508,277
Fuel costs	3,275,695	3,896,608	4,484,403
Repair expenses	2,210,673	2,076,368	1,531,285
Terminal surcharges	1,027,429	1,032,086	948,405
Ground service expenses	842,326	903,547	989,384
Commission expenses	169,443	239,947	192,304
Finance costs	120,929	195,166	150,396
Others	<u>3,275,721</u>	<u>3,485,219</u>	<u>3,511,608</u>
	<u>\$ 16,610,115</u>	<u>\$ 21,450,141</u>	<u>\$ 16,316,062</u>

23. CONTRACT LIABILITIES

	June 30, 2025	December 31, 2024	June 30, 2024
Frequent flyer program	\$ 6,933,460	\$ 5,863,373	\$ 4,663,152
Advance ticket sales	26,999,136	28,549,379	27,479,936
Others	<u>9,250</u>	<u>88,389</u>	<u>30,980</u>
	<u>\$ 33,941,846</u>	<u>\$ 34,501,141</u>	<u>\$ 32,174,068</u>
Current	\$ 28,743,321	\$ 29,651,212	\$ 28,273,057
Non-current	<u>5,198,525</u>	<u>4,849,929</u>	<u>3,901,011</u>
	<u>\$ 33,941,846</u>	<u>\$ 34,501,141</u>	<u>\$ 32,174,068</u>

24. PROVISIONS

	June 30, 2025	December 31, 2024	June 30, 2024
Provisions for aircraft leasing	<u>\$ 20,777,615</u>	<u>\$ 20,916,341</u>	<u>\$ 20,215,583</u>
Current	\$ 3,165,992	\$ 1,679,375	\$ 553,116
Non-current	<u>17,611,623</u>	<u>19,236,966</u>	<u>19,662,467</u>
	<u>\$ 20,777,615</u>	<u>\$ 20,916,341</u>	<u>\$ 20,215,583</u>

	Aircraft Lease Contracts
Balance on January 1, 2024	\$ 19,608,003
Additional provisions recognized	2,291,803
Usage	(2,390,178)
Effects of foreign currency exchange differences	<u>705,955</u>
Balance on June 30, 2024	<u>\$ 20,215,583</u>
Balance on January 1, 2025	\$ 20,916,341
Additional provisions recognized	3,219,487
Usage	(1,582,893)
Effects of foreign currency exchange differences	<u>(1,775,320)</u>
Balance on June 30, 2025	<u>\$ 20,777,615</u>

The Group leased flight equipment. 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

Employee benefits expense in respect of the Group's defined retirement benefit plan was calculated using the actuarially determined pension cost discount rate as of December 31, 2024 and 2023.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Operating costs	\$ 223,505	\$ 214,591	\$ 446,946	\$ 429,173
Operating expenses	<u>68,796</u>	<u>88,043</u>	<u>155,331</u>	<u>172,963</u>
	<u>\$ 292,301</u>	<u>\$ 302,634</u>	<u>\$ 602,277</u>	<u>\$ 602,136</u>

26. EQUITY

a. Share capital

Ordinary shares

	June 30, 2025	December 31, 2024	June 30, 2024
Number of shares authorized (in thousands of shares)	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,000,000</u>
Amount of shares authorized	<u>\$ 70,000,000</u>	<u>\$ 70,000,000</u>	<u>\$ 70,000,000</u>
Amount of shares issued	<u>\$ 60,839,236</u>	<u>\$ 60,769,350</u>	<u>\$ 60,517,407</u>

The Company issued the 7th domestic unsecured convertible bonds, and the holders of the convertible

bonds applied for conversion in the amount of \$122,300 thousand and \$7,200 thousand for the six months ended June 30, 2025 and 2024. The number of ordinary shares exchanged was 6,989 thousand and 400 thousand, respectively, and entitled to registration change after the issuance of new shares.

b. Capital surplus

	June 30, 2025	December 31, 2024	June 30, 2024
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Issuance of convertible bonds in excess of par value and conversion premium	\$ 2,620,312	\$ 2,569,080	\$ 2,385,126
Treasury share transactions (dividend distributed to subsidiaries)	5,762	4,111	4,111
Expired equity component of convertible bonds	982,174	977,041	958,537
Difference between consideration and carrying amount arising from the disposal of subsidiaries' stock	1,425,334	1,425,334	-
<u>May only be used to offset a deficit (2)</u>			
Long-term investments	805,344	805,344	476,712
<u>May not be used for any purpose</u>			
Equity component of convertible bonds	<u>43,434</u>	<u>48,567</u>	<u>67,071</u>
	<u>\$ 5,882,360</u>	<u>\$ 5,829,477</u>	<u>\$ 3,891,557</u>

- 1) Such capital surplus may be used to offset a 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 the 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 2023

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

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

2) Appropriation of earnings in 2024

The appropriation of earnings in 2024 which was resolved and recognized in the shareholders' meeting on May 28, 2025 is as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,424,253	
Special reserve	854,805	
Cash dividends	4,842,015	\$ 0.79587046

d. Other equity items

The movement of other equity items is as follows:

	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Gain (Loss) on Hedging Instruments	Total
Balance on January 1, 2024	\$ (12,965)	\$ 22,726	(\$699,775)	\$ (690,014)
Exchange differences on translation of the financial statements of foreign operations	103,159	-	-	103,159
Cumulative gain (loss) on changes in fair value of hedging instruments	-	-	(1,046,550)	(1,046,550)
Cumulative gain (loss) on changes in fair value of hedging instruments reclassified to profit or loss	-	-	209,600	209,600
Unrealized gain (loss) on financial assets at FVTOCI	-	(46,355)	-	(46,355)
Effects of income tax	(19,640)	9,546	326,686	316,592
Other comprehensive income (loss) recognized in the period	83,519	(36,809)	(510,264)	(463,554)
Transferred to initial carrying amount of hedged items	-	-	(152,154)	(152,154)
Balance on June 30, 2024	<u>\$ 70,554</u>	<u>\$ (14,083)</u>	<u>\$ (1,362,193)</u>	<u>\$ (1,305,722)</u>
Balance on January 1, 2025	\$ 88,681	\$ 50,613	\$ (1,684,113)	\$ (1,544,819)
Exchange differences on translation of the financial statements of foreign operations	(241,566)	-	-	(241,566)
Cumulative gain (loss) on changes in fair value of hedging instruments	-	-	4,238,609	4,238,609
Cumulative gain (loss) on changes in fair value of hedging instruments reclassified to profit or loss	-	-	123,261	123,261
Unrealized gain (loss) on financial assets at FVTOCI	-	21,772	-	21,772
Effects of income tax	48,315	(4,637)	(970,851)	(927,173)
Other comprehensive income (loss) recognized in the period	(193,251)	17,135	3,391,019	3,214,903
Transferred to initial carrying amount of hedged items	-	-	34,551	34,551
Balance on June 30, 2025	<u>\$ (104,570)</u>	<u>\$ 67,748</u>	<u>\$ 1,741,457</u>	<u>\$ 1,704,635</u>

e. Non-controlling interests

	For the Six Months Ended June 30	
	2025	2024
Beginning balance	\$ 4,548,226	\$ 2,887,755
Net income attributable to non-controlling interests	864,613	595,403
Other comprehensive income recognized for the period		
Exchange differences on translation of the financial statements of foreign operations	(17,148)	5,286
Cash flow hedge on changes in fair value of hedging instruments	(605)	3,760
Cumulative gain (loss) arising on changes in fair value of hedging instruments reclassified to profit or loss	673	(2,354)
Effects of income tax	3,414	(281)
	<u>(13,666)</u>	<u>6,411</u>
Dividends paid by subsidiaries	<u>(1,050,006)</u>	<u>(146,868)</u>
Ending balance	<u>\$ 4,349,167</u>	<u>\$ 3,342,701</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 Period	Reduction During the Period	Number of Shares, End of Period
For the six months ended June 30, 2025	<u>2,075</u>	<u>-</u>	<u>2,075</u>
For the six months ended June 30, 2024	<u>2,075</u>	<u>-</u>	<u>2,075</u>

Name of Subsidiary	Number of Shares (In Thousands)	Carrying Amount	Market Value
<u>June 30, 2025</u>			
Mandarin airlines	2,075	<u>\$ 44,812</u>	<u>\$ 44,812</u>
<u>December 31, 2024</u>			
Mandarin airlines	2,075	<u>\$ 53,214</u>	<u>\$ 53,214</u>
<u>June 30, 2024</u>			
Mandarin airlines	2,075	<u>\$ 49,169</u>	<u>\$ 49,169</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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Passenger	\$ 30,843,662	\$ 31,670,158	\$ 63,534,764	\$ 64,675,805
Cargo	16,477,535	14,772,814	32,171,803	27,085,984
Others	<u>4,011,361</u>	<u>3,825,895</u>	<u>8,398,019</u>	<u>7,151,636</u>
	<u>\$ 51,332,558</u>	<u>\$ 50,268,867</u>	<u>\$ 104,104,586</u>	<u>\$ 98,913,425</u>

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Interest income	\$ 452,517	\$ 601,518	\$ 1,002,703	\$ 1,063,452
Dividends income	13,647	9,911	13,647	9,911
Others	<u>62,946</u>	<u>262,889</u>	<u>112,331</u>	<u>303,005</u>
	<u>\$ 529,110</u>	<u>\$ 874,318</u>	<u>\$ 1,128,681</u>	<u>\$ 1,376,368</u>

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Gain (loss) on disposal of property, plant and equipment	\$ 8,554	\$ (17,529)	\$ 22,824	\$ 355,052
Gain on financial assets mandatorily classified as at FVTPL	880	612	1,678	1,202
Reversal of impairment loss recognized on flight equipment	-	-	-	97,056
Net foreign exchange (loss) gain	(463,764)	67,021	(277,679)	38,416
Others	<u>(78,132)</u>	<u>(77,229)</u>	<u>(158,276)</u>	<u>(140,068)</u>
	<u>\$ (532,462)</u>	<u>\$ (27,125)</u>	<u>\$ (411,453)</u>	<u>\$ 351,658</u>

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Interest expense				
Bonds payable	\$ 22,373	\$ 32,323	\$ 44,873	\$ 67,229
Bank loans	187,133	161,447	412,246	360,697
Interest on lease liabilities	543,410	452,752	1,071,720	860,349
Loss arising from derivatives designated as hedging instruments in cash flow hedge accounting relationships reclassified from equity to profit or loss	<u>(400)</u>	<u>(184)</u>	<u>(791)</u>	<u>(171)</u>
	<u>\$ 752,516</u>	<u>\$ 646,338</u>	<u>\$ 1,528,048</u>	<u>\$ 1,288,104</u>
Capitalization interest	<u>\$ 187,311</u>	<u>\$ 171,162</u>	<u>\$ 337,809</u>	<u>\$ 299,711</u>
Capitalization rate	2.07%-2.11%	1.91%-1.96%	2.07%-2.14%	1.84%-1.99%

e. Depreciation and amortization expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Property, plant, equipment	\$ 4,104,138	\$ 3,971,097	\$ 8,105,151	\$ 7,849,973
Right-of-use assets	3,185,757	3,383,210	6,366,049	6,705,747
Investment properties	57	57	114	113
Intangible assets	<u>49,340</u>	<u>54,255</u>	<u>97,245</u>	<u>109,853</u>
Depreciation and amortization expenses	<u>\$ 7,339,292</u>	<u>\$ 7,408,619</u>	<u>\$ 14,568,559</u>	<u>\$ 14,665,686</u>
An analysis of depreciation by function				
Operating costs	\$ 6,865,342	\$ 6,938,690	\$ 13,621,932	\$ 13,733,121
Operating expenses	<u>424,610</u>	<u>415,674</u>	<u>849,382</u>	<u>822,712</u>
	<u>\$ 7,289,952</u>	<u>\$ 7,354,364</u>	<u>\$ 14,471,314</u>	<u>\$ 14,555,833</u>
An analysis of amortization by function				
Operating costs	\$ 2,255	\$ 2,347	\$ 4,523	\$ 4,694
Operating expenses	<u>47,085</u>	<u>51,908</u>	<u>92,722</u>	<u>105,159</u>
	<u>\$ 49,340</u>	<u>\$ 54,255</u>	<u>\$ 97,245</u>	<u>\$ 109,853</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Post-employment benefits				
Defined contribution plan	\$ 185,724	\$ 170,071	\$ 370,993	\$ 336,718
Defined benefit plan	<u>292,301</u>	<u>302,634</u>	<u>602,277</u>	<u>602,136</u>
	<u>\$ 478,025</u>	<u>\$ 472,705</u>	<u>\$ 973,270</u>	<u>\$ 938,854</u>
Other employee benefits				
Salary expenses	\$ 7,482,772	\$ 6,945,738	\$ 15,134,268	\$ 13,696,203
Personnel service expenses	<u>2,031,001</u>	<u>2,077,183</u>	<u>4,144,645</u>	<u>4,121,004</u>
	<u>\$ 9,513,773</u>	<u>\$ 9,022,921</u>	<u>\$ 19,278,913</u>	<u>\$ 17,817,207</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 8,331,488	\$ 7,795,909	\$ 16,734,905	\$ 15,461,209
Operating expenses	<u>1,660,310</u>	<u>1,699,717</u>	<u>3,517,278</u>	<u>3,294,852</u>
	<u>\$ 9,991,798</u>	<u>\$ 9,495,626</u>	<u>\$ 20,252,183</u>	<u>\$ 18,756,061</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. According to the amendments to the Securities and Exchange Act in August 2024, the Company resolved at its 2025 shareholders' meeting to amend the Articles, stipulating that compensation for non-executive employees shall be no less than 30% of the total employee compensation actually accrued in that year. For the six months ended June 30, 2025 and 2024, the estimated amount of compensation of employees (including compensation for non-executive employees) were \$297,179 thousand and \$236,855 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, 2024 and 2023.

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:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Current tax				
Current period	\$ 916,259	\$ 609,818	\$ 2,368,388	\$ 1,324,049
Adjustments for prior periods	5,286	(25,990)	5,286	(25,990)
Deferred tax				
Current period	<u>119,736</u>	<u>278,156</u>	<u>(192,563)</u>	<u>405,220</u>
Income tax expense recognized in profit or loss	<u>\$ 1,041,281</u>	<u>\$ 861,984</u>	<u>\$ 2,181,111</u>	<u>\$ 1,703,279</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
<u>Deferred tax</u>				
Recognized in other comprehensive income				
Translation of foreign operations	\$ 56,322	\$ (5,971)	\$ 48,524	\$ (19,640)
Fair value changes of financial assets at FVTOCI	(4,140)	(514)	(4,637)	9,546
Fair value changes of hedging instruments for cash flow hedging	<u>(1,056,933)</u>	<u>102,199</u>	<u>(967,646)</u>	<u>326,405</u>
Total income tax recognized in other comprehensive income	<u>\$ (1,004,751)</u>	<u>\$ 95,714</u>	<u>\$ (923,759)</u>	<u>\$ 316,311</u>

c. Income tax assessment

The income tax returns of the Company through 2022 have been examined by the tax authorities. Except Taiwan Airport Services and Mandarin Airline Co., Ltd., the income tax returns of the Company's subsidiaries through 2023 have been examined by the tax authorities.

29. EARNINGS PER SHARE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Basic earnings per share	<u>\$ 0.63</u>	<u>\$ 0.57</u>	<u>\$ 1.32</u>	<u>\$ 1.08</u>
Diluted earnings per share	<u>\$ 0.63</u>	<u>\$ 0.56</u>	<u>\$ 1.30</u>	<u>\$ 1.06</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Earnings used in the computation of basic earnings per share	\$ 3,855,530	\$ 3,446,293	\$ 8,041,099	\$ 6,545,583
Effect of potentially dilutive ordinary shares:				
Interest on convertible bonds (after tax)	<u>2,202</u>	<u>4,407</u>	<u>4,501</u>	<u>6,747</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 3,857,732</u>	<u>\$ 3,450,700</u>	<u>\$ 8,045,600</u>	<u>\$ 6,552,330</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
<u>In thousands of shares</u>				
Weighted average number of ordinary shares in computation of basic earnings per share	6,081,849	6,049,501	6,080,088	6,049,421
Effect of potentially dilutive ordinary shares:				
Compensation of employees or bonuses issued to employees	13,758	9,994	24,791	14,695
Convertible bonds	<u>11,705</u>	<u>88,948</u>	<u>60,654</u>	<u>89,029</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>6,107,312</u>	<u>6,148,443</u>	<u>6,165,533</u>	<u>6,153,145</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 goal, policies and procedures as well as the composition of the Group's capital management are the same as those stated in Note 30 to the Group's consolidated financial statements for the year ended December 31, 2024.

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.

	June 30, 2025		December 31, 2024		June 30, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>						
Bonds payable	\$ 5,327,777	\$ 5,628,851	\$ 6,069,339	\$ 6,616,629	\$ 7,523,496	\$ 8,051,879

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).

June 30, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic money market funds	\$ 237,039	\$ -	\$ -	\$ 237,039
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares - domestic	\$ -	\$ -	\$ 23,506	\$ 23,506
Unlisted shares - foreign	-	-	133,250	133,250
Listed shares - foreign	380	-	-	380
	\$ 380	\$ -	\$ 156,756	\$ 157,136
Financial assets for hedging	\$ 2,339,181	\$ 757	\$ -	\$ 2,339,938
Financial liabilities for hedging	\$ 38,268,927	\$ 80,926	\$ 10,243	\$ 38,360,096

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic money market funds	\$ 196,217	\$ -	\$ -	\$ 196,217

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares - domestic	\$ -	\$ -	\$ 23,095	\$ 23,095
Unlisted shares - foreign	-	-	117,423	117,423
Listed shares - foreign	<u>368</u>	<u>-</u>	<u>-</u>	<u>368</u>
	<u>\$ 368</u>	<u>\$ -</u>	<u>\$ 140,518</u>	<u>\$ 140,886</u>
Financial assets for hedging	<u>\$ 2,950,820</u>	<u>\$ 37,664</u>	<u>\$ 348</u>	<u>\$ 2,988,832</u>
Financial liabilities for hedging	<u>\$ 41,619,728</u>	<u>\$ -</u>	<u>\$ 11,461</u>	<u>\$ 41,631,189</u> (Concluded)

June 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic money market funds	<u>\$ 190,847</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,847</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares - domestic	\$ -	\$ -	\$ 24,160	\$ 24,160
Unlisted shares - foreign	<u>-</u>	<u>-</u>	<u>34,421</u>	<u>34,421</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,581</u>	<u>\$ 58,581</u>
Financial assets for hedging	<u>\$ 7,954,545</u>	<u>\$ 84,996</u>	<u>\$ 48,964</u>	<u>\$ 8,088,505</u>
Financial liabilities for hedging	<u>\$ 39,282,409</u>	<u>\$ -</u>	<u>\$ 624</u>	<u>\$ 39,283,033</u>

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 fluctuation. 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
June 30, 2025	0.96-31.08	80%
December 31, 2024	0.75-25.43	80%
June 30, 2024	0.28-1.5	80%
	Derivative Instruments	Equity Instruments
Balance on January 1, 2025	\$ (11,113)	\$ 140,518
Recognized in other comprehensive income	<u>870</u>	<u>16,238</u>
Balance on June 30, 2025	<u>\$ (10,243)</u>	<u>\$ 156,756</u>
Balance on January 1, 2024	\$ (72,026)	\$ 103,982
Recognized in other comprehensive income	<u>120,366</u>	<u>(45,401)</u>
Balance on June 30, 2024	<u>\$ 48,340</u>	<u>\$ 58,581</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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 237,039	\$ 196,217	\$ 190,847
Financial assets for hedging	2,339,938	2,988,832	8,088,505
Financial assets at amortized cost (Note 1)	63,010,857	81,901,617	60,285,726
Financial assets at FVTOCI - investments in equity instruments	157,136	140,886	58,581
<u>Financial liabilities</u>			
Financial liabilities for hedging	38,360,096	41,631,189	39,283,033
Financial liabilities at amortized cost (Note 2)	136,122,204	143,175,818	118,678,425

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 receivable, other receivables, refundable deposits, restricted financial assets and other financial assets.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, 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 an increase in pre-tax profit and an increase in pre-tax other comprehensive income for the six months ended June 30, 2025 of \$30,609 thousand and \$1,193,263 thousand, respectively; and an increase in pre-tax profit and an increase in pre-tax other comprehensive income for the six months ended June 30, 2024 of \$6,271 thousand and \$895,224 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 options 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.

June 30, 2025

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	NTD223,359/ USD7,534	2025.10.1- 2025.12.26	29.468- 29.765	Financial assets for hedging - current/ liabilities for hedging - current	\$ -	\$ 1,527
Aircraft prepayment - forward exchange contracts	NTD/USD	NTD818,713/ USD28,000	2025.7.31- 2025.12.31	30.993- 32.671	Financial assets for hedging - current/ liabilities for hedging - current	-	79,030

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (aircraft rentals and aircraft prepayments) was \$(80,557) thousand.

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	2025.1.24- 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.

June 30, 2024

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	NTD86,802/ USD2,674	2024.8.8- 2024.11.27	29.919- 31.929	Financial assets for hedging - current/ liabilities for hedging - current	\$ 3,159	\$ -
Aircraft prepayments - forward exchange contracts	NTD/USD	NTD2,175,325/ USD67,000	2024.7.31- 2025.2.27	29.779- 32.091	Financial assets for hedging - current/ liabilities for hedging - current	73,819	-

The abovementioned hedging instruments applied hedge accounting. The book value of other equity for each hedging item (aircraft rentals and aircraft prepayments) was \$76,978 thousand.

For the six months ended June 30, 2025

Comprehensive Income	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedge			
Aircraft rentals	\$ (1,527)	\$ -	(Note)
Aircraft prepayments	<u>(107,556)</u>	<u>-</u>	
	<u>\$ (109,083)</u>	<u>\$ -</u>	

Note: Decrease in operating costs or exchange loss.

For the six months ended June 30, 2025, the amount of hedging instrument settlements recognized as a decrease of aircraft prepayments were \$2,912 thousand.

For the three months ended June 30, 2025

Comprehensive Income	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedge			
Aircraft rentals	\$ (1,527)	\$ -	(Note)
Aircraft prepayments	<u>(125,759)</u>	<u>-</u>	
	<u>\$ (127,286)</u>	<u>\$ -</u>	

Note: Decrease in operating costs or exchange loss.

For the six months ended June 30, 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			
Aircraft rentals	\$ 5,879	\$ 11,092	(Note)
Aircraft prepayments	<u>227,548</u>	<u>-</u>	
	<u>\$ 223,427</u>	<u>\$ 11,092</u>	

Note: Decrease in operating costs or exchange loss.

For the six months ended June 30, 2024, the amount of hedging instrument settlements recognized as a decrease of aircraft prepayments were \$152,154 thousand.

For the three months ended June 30, 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			
Aircraft rentals	\$ (3,253)	\$ 7,786	(Note)
Aircraft prepayments	<u>64,758</u>	<u>-</u>	
	<u>\$ 61,505</u>	<u>\$ 7,786</u>	

Note: Decrease in operating costs or exchange loss.

b) Interest rate risk

The Group enters into interest swap contracts to hedge against the risks on change in interest rates of 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:

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value interest rate risk	\$ 51,397,202	\$ 55,955,007	\$ 55,317,534
Cash flow interest rate risk	82,736,815	83,196,088	78,137,596

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 six months ended June 30, 2025 and 2024 would have decreased by \$103,421 thousand and \$97,672 thousand, respectively.

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

June 30, 2025

Hedging Instrument	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
Cash flow hedge Interest expenses on long-term borrowings - interest rate swaps	NTD	NTD900,000	2027.4.1-2027.5.24	1.39-1.58	Financial assets for hedging - non-current/ liabilities for hedging - non-current	\$ 757	\$ 369

Note: The Company recognized interest receivable for \$321 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 \$388 thousand.

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 - non-current/ liabilities for hedging - non-current	\$ 6,227	\$ -

Note: The Company recognized interest receivables 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.

June 30, 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 - non-current/ liabilities for hedging - non-current	\$ 8,018	\$ -

Note: The Company recognized interest receivable for \$228 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 \$8,018 thousand.

For the six months ended June 30, 2025

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 expenses on long-term borrowings	\$ (5,838)	\$ 791	(Note)

Note: Decrease in finance costs or other losses.

For the three months ended June 30, 2025

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 expenses on long-term borrowings	\$ (3,448)	\$ 400	(Note)

Note: Decrease in finance costs or other losses.

For the six months ended June 30, 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 expenses on long-term borrowings	<u>\$ 13,526</u>	<u>\$ 171</u>	(Note)

Note: Decrease in finance costs or other losses.

For the three months ended June 30, 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 expenses on long-term borrowings	<u>\$ 2,673</u>	<u>\$ 184</u>	(Note)

Note: Decrease in finance 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 contracts to hedge against adverse risks on fuel price changes.

June 30, 2025

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	NTD1,648	2025.9.30	USD65.00/ USD80.20	Financial assets for hedging - current/ liabilities for hedging - current	\$ -	\$ 1,648
Cash flow hedges							
Aviation fuel - swap	USD	NTD8,595	2025.9.30- 2025.12.31	USD67.2/ USD69.78	Financial assets for hedging - current/ liabilities for hedging - current	-	8,595

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 \$(10,243) thousand.

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	USD65.00 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- 2025.6.30	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.

June 30, 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	NTD12,876	2024.7.1- 2025.3.31	USD65- USD96	Financial assets for hedging - current/ liabilities for hedging - current	\$ 13,500	\$ 624
Cash flow hedges Aviation fuel - swap	USD	NTD35,464	2024.7.1- 2024.12.31	USD74.04- USD83.55	Financial assets for hedging - current/ liabilities for hedging - current	35,464	-

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 \$48,340 thousand.

For the six months ended June 30, 2025

Comprehensive Income	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedges - fuel options and swap	\$ 870	\$ (14,406)	(Note)

Note: Increase in operating costs.

For the three months ended June 30, 2025

Comprehensive Income	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedges - fuel options and swap	\$ (13,375)	\$ (11,550)	(Note)

Note: Increase in operating costs.

For the six months ended June 30, 2024

Comprehensive Income	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedges - fuel options and swap	<u>\$ 120,365</u>	<u>\$ 19,107</u>	(Note)

Note: Decrease in operating costs.

For the three months ended June 30, 2024

Comprehensive Income	Hedging Gain (Loss) Recognized in Other Comprehensive Income	Amount Reclassified to Profit and Loss and the Adjusted Line Item	
Cash flow hedges - fuel options and swap	<u>\$ (25,080)</u>	<u>\$ 23,056</u>	(Note)

Note: Decrease 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 Six Months Ended June 30			
	2025		2024	
	Pre-tax Profit Increase (Decrease)	Other Comprehen- sive Income Increase (Decrease)	Pre-tax Profit Increase (Decrease)	Other Comprehen- sive Income Increase (Decrease)
Fuel price increase of 5%	\$ 4,484	\$ 512	\$ 8,166	\$ 2,380
Fuel price decrease of 5%	(5,174)	(512)	(8,077)	(2,380)

2) Credit risk

The objective, policies and procedure of credit risk management are the same as the consolidated financial statements for the year ended December 31, 2024. Related illustration can be referred to Note 31.

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.

	Undrawn Bank Loan Commitments (Unsecured)		
	June 31, 2025	December 31, 2024	June 31, 2024
The Group (China Airlines, Ltd., Mandarin Airlines and Tigerair Taiwan Co., Ltd.)	\$ 35,828,874	\$ 37,188,619	\$ 37,088,851

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.

June 30, 2025

	The Weighted Average Effective Interest Rate (%)	Less than 1 Year	1 to 5 Years	Over 5 Years
Lease liabilities	3.0216	\$ 5,059,597	\$ 7,921,722	\$ 10,194,986
Floating interest rate liabilities	2.1496	9,897,284	49,156,843	15,181,675
Hedging instruments	3.9840	9,816,868	22,203,902	12,031,143
Bonds payable	1.3789	<u>2,751,239</u>	<u>2,686,540</u>	<u>-</u>
		<u>\$ 27,524,988</u>	<u>\$ 81,969,007</u>	<u>\$ 37,407,804</u>

December 31, 2024

	The Weighted Average Effective Interest Rate (%)	Less than 1 Year	1 to 5 Years	Over 5 Years
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	3.8208	10,855,109	26,088,849	9,618,253
Bonds payable	1.3463	<u>1,731,713</u>	<u>4,478,837</u>	<u>-</u>
		<u>\$ 31,911,266</u>	<u>\$ 83,982,823</u>	<u>\$ 35,872,272</u>

June 30, 2024

	The Weighted Average Effective Interest Rate (%)	Less than 1 Year	1 to 5 Years	Over 5 Years
Lease liabilities	2.8012	\$ 6,927,206	\$ 14,226,269	\$ 10,422,596
Floating interest rate liabilities	2.0001	23,729,698	28,962,449	14,203,046
Hedging instruments	3.4132	10,704,294	21,301,873	11,844,445
Bonds payable	1.2836	<u>1,746,575</u>	<u>5,948,890</u>	<u>-</u>
		<u>\$ 43,107,773</u>	<u>\$ 70,439,481</u>	<u>\$ 36,470,087</u>

32. RELATED-PARTY TRANSACTIONS

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 this 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 category

Related Party Name	Relationship with the Company
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Associate
Airport Air Cargo Service (Xiamen) Co., Ltd.	Associate
Eastern United International Logistics (Hong Kong)	Associate
China Pacific Catering Services	Joint venture
China Pacific Laundry Services	Joint venture
NORDAM Asia Ltd.	Joint venture (completed the dissolution and liquidation procedures in June 2025)
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 relative

b. Operating transactions

Account Items	Related Party Type	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2025	2024	2025	2024
Other operating revenue	Major shareholder of the Company	<u>\$ 7,747</u>	<u>\$ 3,939</u>	<u>\$ 13,998</u>	<u>\$ 7,216</u>
	Joint venture	<u>\$ 7,574</u>	<u>\$ 7,950</u>	<u>\$ 15,171</u>	<u>\$ 15,767</u>

c. Purchases

Related Party Type	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Associate	<u>\$ 55,727</u>	<u>\$ 62,332</u>	<u>\$ 100,623</u>	<u>\$ 119,049</u>
Joint venture	<u>\$ 939,173</u>	<u>\$ 789,032</u>	<u>\$ 1,774,189</u>	<u>\$ 1,522,720</u>

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

Related Party Type	June 30, 2025	December 31, 2024	June 30, 2024
Major shareholders of the Company	\$ 3,506	\$ 3,472	\$ 1,683
Joint venture	<u>2,649</u>	<u>2,750</u>	<u>3,758</u>
	<u>\$ 6,155</u>	<u>\$ 6,222</u>	<u>\$ 5,441</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	June 30, 2025	December 31, 2024	June 30, 2024
Major shareholders of the Company	\$ 7,609	\$ 8,040	\$ 3,888
Associate	13,783	18,681	19,836
Joint venture	<u>906,407</u>	<u>784,468</u>	<u>763,163</u>
	<u>\$ 927,799</u>	<u>\$ 811,189</u>	<u>\$ 786,887</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 three and six months ended June 30, 2025 and 2024, the Company paid rentals of \$16,125 thousand, \$8,198 thousand, \$29,437 thousand and \$15,315 thousand, respectively.

g. Endorsements and guarantees

	June 30, 2025		December 31, 2024		June 30, 2024	
	Authorized Amount	Actual Amount Used	Authorized Amount	Actual Amount Used	Authorized Amount	Actual Amount Used
<u>The Company</u>						
CAL Park	\$ 3,400,000	\$ 896,400	\$ 3,400,000	\$ 1,005,960	\$ 3,400,000	\$ 1,115,520
Tigerair Taiwan Co., Ltd.	1,940,299	39,610	2,131,148	84,907	2,110,390	296,364
Taiwan Aircraft Maintenance and Engineering Co., Ltd.	4,000,000	1,497,500	2,000,000	1,586,500	2,000,000	1,631,000

h. Remuneration of key management personnel

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 13,651	\$ 13,212	\$ 40,288	\$ 37,666
Post-employment benefits	<u>576</u>	<u>653</u>	<u>1,621</u>	<u>1,624</u>
	<u>\$ 14,227</u>	<u>\$ 13,865</u>	<u>\$ 41,909</u>	<u>\$ 39,290</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:

	June 30, 2025	December 31, 2024	June 30, 2024
Property, plant and equipment	\$ 54,961,713	\$ 56,711,730	\$ 44,995,369
Restricted assets	<u>312,985</u>	<u>364,984</u>	<u>302,000</u>
	<u>\$ 55,274,698</u>	<u>\$ 57,076,714</u>	<u>\$ 45,297,369</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 on June 30, 2024 were as follows:

- a. Taiwan Air Cargo Terminal Co. (TACT) signed a terminal construction contract with Civil Aeronautics Administrations (CAA) on January 14, 2000. The chartered operation period (COP) is 20 years from the date of 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 in the Taiwan Taoyuan International Airport and Kaohsiung International Airport and received the 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 June 30, 2025, TACT had no individually significant uncompleted construction contracts.

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 “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 shall 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 operational 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 fees.

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 aircraft and an option to purchase five A321neo aircraft. The total list price of the eleven aircraft is US\$1,687,810 thousand, and the list 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 June 30, 2025, three out of the eleven aircraft have been delivered. The total list price of the remaining eight aircraft is US\$1,236,390 thousand, and the list price had been paid in the amount of US\$101,871 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 the A321neo. The total list price of the four engines is US\$60,289 thousand. As of June 30, 2025, three out of the four backup engines have been delivered. The Group also signed a related aircraft lease agreement; refer to Note 21.

- d. On September 28, 2022, the Company signed a contract with the Boeing Company to purchase sixteen 787-9 aircraft and the option to purchase eight 787-9 aircraft. On May 23 and June 20, 2023, the Company exercised the option to purchase eight aircraft, six of it 787-9 aircraft were converted to 787-10, with a total of twenty-four aircraft (including 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 2029. As of June 30, 2025, the list price has been paid in the amount of US\$743,511 thousand (recognized as prepayments for aircraft).
- e. On March 31, 2025, the Company signed a contract with The Boeing Company to purchase ten 777-9 passenger aircraft and obtained purchase options for five additional aircraft. The total list price of the ten aircraft is approximately US\$7,382,236 thousand, and the list price of the five optional aircraft is approximately US\$3,815,465 thousand. As of June 30, 2025, prepayments in the amount of US\$157,920 thousand had been made and (recognized as prepayments for aircraft). The delivery of the ten aircraft is scheduled to commence in 2030.
- f. On March 31, 2025, the Company also signed a contract with The Boeing Company to purchase four 777-8F freighter aircraft and obtained purchase options for four additional aircraft. The total list price of the four aircraft is approximately US\$2,733,966 thousand, and the list price of the four optional aircraft is approximately US\$2,748,725 thousand. As of June 30, 2025, prepayments in the amount of US\$62,899 thousand had been made and (recognized as prepayments for aircraft). The delivery of the aircraft is scheduled to commence in 2031.
- g. On March 31, 2025, the Company signed a contract with Airbus S.A.S. to purchase ten A350-1000 passenger aircraft and obtained purchase options for five additional aircraft. The total list price of the ten aircraft is approximately US\$5,477,580 thousand, and the list price of the five optional aircraft is approximately US\$2,815,579 thousand. As of June 30, 2025, prepayments in the amount of US\$58,526 thousand had been made and (recognized as prepayments for aircraft). The delivery of the aircraft is scheduled to commence in 2029.
- h. On June 25, 2025, the Board of Directors approved the introduction of three A321neo passenger aircraft and five A350-900 passenger aircraft. The related procurement negotiations are currently in progress.
- i. In October 2019, Tigerair Taiwan Co., Ltd. signed a contract with Airbus S.A.S. to purchase seven A320neo aircraft and an option to purchase two A320neo aircraft. 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 June 30, 2025, the list price has been paid in the amount of US\$48,319 thousand (recognized as prepayments for aircraft). The Group also signed a related aircraft lease agreement; refer to Note 21.
- j. On May 30, 2023, the board of directors of Mandarin Airlines approved the activation of the option under the contract with AVIONS DE TRANSPORT REGIONAL G.I.E. to purchase three more ATR72-600 aircraft. 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 activation 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 June 30, 2025, the list price of the remaining four aircraft has been paid in the amount of US\$12,911 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:

June 30, 2025

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,071,350	29.2398	\$ 31,326,060
EUR	21,116	35.0877	740,912
HKD	252,232	3.8081	960,525
JPY	3,625,725	0.2072	751,250
RMB	343,449	4.1736	1,433,419

Financial liabilities

Monetary items			
USD	2,330,756	29.2398	68,150,839
EUR	9,856	35.0877	345,824
HKD	70,399	3.8081	268,086
JPY	6,351,277	0.2072	1,315,985
RMB	94,605	4.1736	394,843

December 31, 2024

	Foreign Currency (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

Financial liabilities

Monetary items			
USD	2,187,918	32.7869	71,735,049
EUR	10,414	34.1297	355,427
HKD	77,472	4.2230	327,164
JPY	6,529,364	0.2096	1,368,555
RMB	103,452	4.4924	464,748

June 30, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,295,292	32.4675	\$ 42,054,936
EUR	17,719	34.7222	615,250
HKD	305,190	4.1563	1,268,452
JPY	3,214,882	0.2016	648,214
RMB	417,002	4.4643	1,861,616
<u>Financial liabilities</u>			
Monetary items			
USD	2,266,461	32.4675	73,586,390
EUR	9,999	34.7222	347,176
HKD	82,936	4.1563	344,705
JPY	6,431,965	0.2016	1,296,872
RMB	119,611	4.4643	533,979

For the three and six months ended June 30, 2025 and 2024, respectively; the Group's net foreign exchange (losses) gains were \$(463,764) thousand, \$67,021 thousand, \$(277,679) thousand and \$38,416 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) Significant marketable securities held (excluded investment in subsidiaries, associates and joint controlled entities): None
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
 - 6) Names, locations, and related information of investees over which the Company exercises significant influence: Table 5 (attached)
- b. Information on investments in mainland China: Table 6 (attached)
- c. Business relationships and significant transactions between China Airlines, Ltd. and its subsidiaries: Table 7 (attached)

37. 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 six months ended June 30, 2025 and 2024, financial information of reportable segments is listed below:

	For the Six Months Ended June 30, 2025			
	Air Transportation	Others	Adjustments and Write-offs	Total
Operating revenue	<u>\$ 100,932,928</u>	<u>\$ 6,866,365</u>	<u>\$ (3,694,707)</u>	<u>\$ 104,104,586</u>
Operation profit and loss	<u>\$ 10,327,969</u>	<u>\$ 1,175,866</u>	<u>\$ (35,712)</u>	<u>\$ 11,468,123</u>
Interest revenue				1,002,703
Investment income (loss) accounted for using the equity method				429,520
Revenue				150,480
Financial costs				(1,528,048)
Expenses				<u>(435,955)</u>
Profit before income tax				<u>\$ 11,086,823</u>
Identifiable assets	<u>\$ 188,618,163</u>	<u>\$ 12,326,431</u>	<u>\$ (6,018,888)</u>	<u>\$ 194,925,706</u>
Investments accounted for using the equity method				2,579,026
Assets				<u>130,718,006</u>
Total assets				<u>\$ 328,222,738</u>

	For the Six Months Ended June 30, 2024			
	Air Transportation	Others	Adjustments and Write-offs	Total
Operating revenue	<u>\$ 96,127,846</u>	<u>\$ 6,045,231</u>	<u>\$ (3,259,652)</u>	<u>\$ 98,913,425</u>
Operation profit and loss	<u>\$ 7,296,730</u>	<u>\$ 806,340</u>	<u>\$ (35,332)</u>	<u>\$ 8,067,738</u>
Interest revenue				1,063,452
Investment income (loss) accounted for using the equity method				336,605
Revenue				766,227
Financial costs				(1,288,104)
Expenses				<u>(101,653)</u>
Profit before income tax				<u>\$ 8,844,265</u>
Identifiable assets	<u>\$ 178,606,458</u>	<u>\$ 13,329,728</u>	<u>\$ (6,228,107)</u>	<u>\$ 185,708,079</u>
Investments accounted for using the equity method				2,101,114
Assets				<u>118,754,301</u>
Total assets				<u>\$ 306,563,494</u>

TABLE 1

CHINA AIRLINES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(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 Amount Borrowed	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	\$ 116,279	\$ 104,478	\$ 104,478	2.25	Short-term financing facility is necessary	\$ -	Operating cycle capital expenditure	\$ -	-	\$ -	\$ 152,110	\$ 304,221	

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 SIX MONTHS ENDED JUNE 30, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit 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 Statements (%)	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	100% owned subsidiary	\$ 18,514,387	\$ 3,400,000	\$ 3,400,000	\$ 896,400	\$ -	3.67	\$ 46,285,969	Yes	No	No
		Tigerair Taiwan Co., Ltd.	69.09% owned subsidiary by direct and indirect holdings	18,514,387	2,159,468	1,940,299	39,610	-	2.10	46,285,969	Yes	No	No
		Taiwan Aircraft Maintenance and Engineering Co., Ltd.	100% owned subsidiary	18,514,387	4,000,000	4,000,000	1,497,500	-	4.32	46,285,969	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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Account Payable or Receivable		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	\$ 212,161	0.28	2 months	\$ -	-	\$ (72,830)	(2.60)	-
	Cal Park	Subsidiary	Purchase	115,966	0.16	2 months	-	-	-	0.00	-
	Cal Hotel Co., Ltd.	Subsidiary	Purchase	118,996	0.16	2 months	-	-	(22,708)	(0.81)	-
	Mandarin Airlines	Subsidiary	Sale	(589,848)	(0.66)	2 months	-	-	259,972	2.22	-
	Taiwan Air Cargo Terminal	Subsidiary	Purchase	266,335	0.36	30 days	-	-	(54,731)	(1.95)	-
	Taoyuan International Airport Service	Subsidiary	Purchase	655,756	0.88	40 days	-	-	(344,312)	(12.30)	-
	Taiwan Airport Services	Subsidiary	Purchase	196,561	0.26	40 days	-	-	(72,575)	(2.59)	-
	Tigerair Taiwan Co., Ltd.	Subsidiary	Sale	(299,778)	(0.34)	1 month	-	-	52,806	0.45	-
	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	Subsidiary	Purchase	198,879	0.27	1 month	-	-	(47,555)	(1.70)	-
	Kaohsiung Catering Services, Ltd.	Subsidiary	Purchase	291,032	0.39	90 days	-	-	(114,227)	(4.08)	-
	China Pacific Catering Services	Equity-method investee	Purchase	1,687,494	2.26	90 days	-	-	(875,284)	(31.26)	-
Mandarin Airlines	Taiwan Airport Services	Same parent company	Purchase	211,437	7.35	1 month	-	-	(24,209)	(3.33)	-
Tigerair Taiwan Co., Ltd.	Taoyuan International Airport Service	Same parent company	Purchase	164,237	2.79	40 days	-	-	(105,753)	(7.03)	-
	Taiwan Airport Services	Same parent company	Purchase	111,470	1.89	40 days	-	-	(30,772)	(2.05)	-

TABLE 4

CHINA AIRLINES, LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2025
(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		
China Pacific Catering Services	China Airlines	Joint venture investment	\$ 875,284	4.14	\$ -	-	\$ 316,659	\$ -
Taoyuan International Airport Service	China Airlines	Parent company	344,312	3.74	-	-	205,556	-
China Airlines, Ltd.	Mandarin Airlines	Subsidiary	259,972	Note	-	-	246,953	-
Kaohsiung Catering Services, Ltd.	China Airlines	Parent company	114,227	6.72	-	-	93,711	-
Taoyuan International Airport Service	Tigerair Taiwan Co., Ltd.	Same parent company	105,753	3.29	-	-	56,225	-

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 5

CHINA AIRLINES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2025	December 31, 2024	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	\$ 158,209,368	100.00	\$ 1,884,428	\$ 23,401	\$ 40,391	Note 4
	Mandarin Airlines	Taipei, Taiwan	Air transportation and maintenance of aircraft	4,039,140	4,039,140	387,831,234	96.96	2,188,559	117,679	112,431	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	1,392,820	291,406	157,614	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	1,406,295	17,339	16,928	Notes 2 and 4
	China Pacific Catering Services	Taoyuan, Taiwan	In-flight catering	439,110	439,110	72,471,000	51.00	1,662,640	756,554	385,842	-
	Taoyuan International Airport Services	Taoyuan, Taiwan	Airport services	147,000	147,000	34,300,000	49.00	514,176	238,895	117,058	-
	CAL-Asia Investment	Territory of the British Virgin Islands	General investment	US\$ 7,172	US\$ 7,172	7,172,346	100.00	715,575	19,395	19,395	-
	Sabre Travel Network (Taiwan)	Taipei, Taiwan	Sale and maintenance of hardware and software	52,200	52,200	13,021,042	93.93	237,037	39,975	37,549	-
	Taiwan Airport Services	Taipei, Taiwan	Airport services	12,289	12,289	20,626,644	47.35	240,894	167,698	79,405	-
	Kaohsiung Catering Services	Kaohsiung, Taiwan	In-flight catering	383,846	383,846	21,494,637	53.67	502,772	148,882	78,793	Note 5
	Cal Hotel Co., Ltd.	Taoyuan, Taiwan	Hotel business	334,800	334,800	33,480,000	100.00	309,650	(956)	1,020	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	127,552	14,159	7,788	-
	Dynasty Aerotech International Corp.	Taoyuan, Taiwan	Cleaning of aircraft and maintenance of machine and equipment	77,270	77,270	77,270	100.00	118,974	19,522	19,562	Note 4
	Global Sky Express	Taipei, Taiwan	Forwarding and storage of air cargo	2,500	2,500	250,000	25.00	5,524	-	-	-
	Tigerair Taiwan Co., Ltd.	Taipei, Taiwan	Air transportation and maintenance of aircraft	5,560,884	5,560,884	300,879,050	65.48	4,154,471	1,497,697	980,679	Note 4
	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	Taoyuan, Taiwan	Aircraft maintenance	560,000	560,000	56,000,000	100.00	290,343	(46,269)	(46,269)	-
Mandarin Airlines	Tigerair Taiwan Co., Ltd.	Taipei, Taiwan	Air transportation and maintenance of aircraft	183,846	183,846	16,613,624	3.61	299,796	1,497,697	54,217	-
	Taiwan Airport Services	Taipei, Taiwan	Airport services	11,658	11,658	469,755	1.08	5,479	167,698	1,806	-
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	42,883	5,354	1,874	-
Taiwan Airport Services	Taiwan Airport Service (Samoa)	Samoa	Airport services and investment	US\$ 5,877	US\$ 5,877	-	100.00	438,986	16,151	16,151	Note 3

Note 1: Adopted the treasury shares 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 6

CHINA AIRLINES, LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2025**
(In Thousands of New Taiwan Dollars/Renminbi/U.S. Dollars, 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, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2025	Accumulated Repatriation of Investment Income as of June 30, 2025
					Outward	Inward						
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	\$ 1,062,098 (RMB 254,480)	Indirect (Note 1)	\$ 122,397 (US\$ 4,186)	\$ -	\$ -	\$ 122,397 (US\$ 4,186)	\$ 86,585 (RMB 19,120)	14.00	\$ 11,389 (RMB 2,677)	\$ 278,455 (RMB 66,718)	\$ 124,304 (US\$ 4,251) (Note 2)
Airport Air Cargo Service (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	58,430 (RMB 14,000)	Indirect (Note 1)	56,943 (US\$ 1,947)	-	-	56,943 (US\$ 1,947)	44,753 (RMB 9,882)	14.00	5,619 (RMB 1,384)	95,406 (RMB 22,859)	65,155 (US\$ 2,228) (Note 2)
Taikoo (Xiamen) Landing Gear Services	Landing gear maintenance services	2,429,535 (US\$ 83,090)	Indirect (Note 1)	62,901 (US\$ 2,151)	-	-	62,901 (US\$ 2,151)	-	2.59	-	-	-
Taikoo Spirit Aerospace Systems (Jinjang)	Composite material	341,024 (US\$ 11,663)	Indirect (Note 1)	18,597 (US\$ 636)	-	-	18,597 (US\$ 636)	-	5.45	-	92,939 (RMB 22,268)	27,672 (US\$ 946)

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2025	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
\$ 260,837 (US\$ 8,920)	\$ 633,972 (Note 3)	\$ 58,152,663 (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, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2025	Accumulated Repatriation of Investment Income as of June 30, 2025
					Outward	Inward						
Airport Air Cargo Terminal (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	\$ 1,062,098 (RMB 254,480)	Indirect (Note 5)	\$ 117,496 (US\$ 4,018)	\$ -	\$ -	\$ 117,496 (US\$ 4,018)	\$ 86,585 (RMB 19,120)	14.00	\$ 11,389 (RMB 2,677)	\$ 276,748 (RMB 66,309)	\$ 153,678 (US\$ 5,256)
Airport Air Cargo Service (Xiamen) Co., Ltd.	Forwarding and storage of air cargo	58,430 (RMB 14,000)	Indirect (Note 5)	56,338 (US\$ 1,927)	-	-	56,338 (US\$ 1,927)	44,753 (RMB 9,882)	14.00	5,619 (RMB 1,384)	95,342 (RMB 22,844)	80,689 (US\$ 2,760)

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 173,834 (US\$ 5,945)	\$ 173,834 (US\$ 5,945)	\$ 305,251 (Note 4)

- Note 1: The Company invested in CAL-Asia Investment, which invested in a company located in mainland China.
- Note 2: As of June 30, 2025, 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 7

CHINA AIRLINES, LTD. AND SUBSIDIARIES

**BUSINESS RELATIONSHIPS AND IMPORTANT TRANSACTIONS BETWEEN CHINA AIRLINES, LTD. AND ITS SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(In Thousands of New Taiwan Dollars)**

No.	Company Name	Related Party	Natural of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount (Note 2)	Transaction Criteria	% to Total Consolidated Total Revenue or Assets
0	China Airlines, Ltd.	Mandarin Airlines	a	Air transport service revenue	\$ 537,501	The same as ordinary transactions	0.52
		Tigerair Taiwan Co., Ltd.	a	Other operating revenue	299,778	The same as ordinary transactions	0.29
		Dynasty Aerotech International Corp.	a	Airport service costs	212,161	The same as ordinary transactions	0.20
		Cal Park	a	Other operating costs	115,966	The same as ordinary transactions	0.11
		Cal Hotel Co., Ltd.	a	Other operating costs	118,996	The same as ordinary transactions	0.11
		Taiwan Air Cargo Terminal	a	Other operating costs	266,335	The same as ordinary transactions	0.26
		Taoyuan International Airport Services	a	Airport service costs	655,756	The same as ordinary transactions	0.63
		Taiwan Airport Services	a	Airport service costs	196,561	The same as ordinary transactions	0.19
		Kaohsiung Catering Services	a	Passenger service costs	291,032	The same as ordinary transactions	0.28
		Taiwan Aircraft Maintenance and Engineering Co., Ltd.	a	Other operating costs	198,879	The same as ordinary transactions	0.19
		Mandarin Airlines	a	Accounts receivable - related parties	259,972	The same as ordinary transactions	0.08
		Taoyuan International Airport Services	a	Accounts payable - related parties	344,312	The same as ordinary transactions	0.10
		Kaohsiung Catering Services, Ltd.	a	Accounts payable - related parties	114,227	The same as ordinary transactions	0.03
		Taiwan Air Cargo Terminal	a	Dividends receivable	200,600	The same as ordinary transactions	0.06
		Tigerair Taiwan Co., Ltd.	a	Dividends receivable	1,920,831	The same as ordinary transactions	0.59
1	Taiwan Air Cargo Terminal	China Airlines, Ltd.	b	Sales revenue	266,335	The same as ordinary transactions	0.26
		China Airlines, Ltd.	b	Dividends payable	200,600	The same as ordinary transactions	0.06
2	Mandarin Airlines	China Airlines, Ltd.	b	Air transport service costs	537,501	The same as ordinary transactions	0.52
		China Airlines, Ltd.	b	Accounts payable - related parties	259,972	The same as ordinary transactions	0.08
		Taiwan Airport Services	c	Airport service costs	211,437	The same as ordinary transactions	0.20
3	Taoyuan International Airport Services	China Airlines, Ltd.	b	Airport service revenue	655,756	The same as ordinary transactions	0.63
		China Airlines, Ltd.	b	Accounts receivable - related parties	344,312	The same as ordinary transactions	0.10
		Tigerair Taiwan Co., Ltd.	c	Operating revenue	164,237	The same as ordinary transactions	0.16
		Tigerair Taiwan Co., Ltd.	c	Accounts receivable - related parties	105,753	The same as ordinary transactions	0.03
4	Dynasty Aerotech International Corp.	China Airlines, Ltd.	b	Operating revenue	212,161	The same as ordinary transactions	0.20
5	Cal Park	China Airlines, Ltd.	b	Operating revenue	115,966	The same as ordinary transactions	0.11
6	Kaohsiung Catering Services	China Airlines, Ltd.	b	Operating revenue	291,032	The same as ordinary transactions	0.28
		China Airlines, Ltd.	b	Accounts receivable - related parties	114,227	The same as ordinary transactions	0.03

(Continued)

No.	Company Name	Related Party	Natural of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount (Note 2)	Transaction Criteria	% to Total Consolidated Total Revenue or Assets
7	Tigerair Taiwan Co., Ltd.	China Airlines, Ltd.	b	Maintenance cost	\$ 299,778	The same as ordinary transactions	0.29
		China Airlines, Ltd.	b	Dividends payable	1,920,831	The same as ordinary transactions	0.59
		Taoyuan International Airport Services	c	Airport service costs	164,237	The same as ordinary transactions	0.16
		Taoyuan International Airport Services	c	Accounts payable - related parties	105,753	The same as ordinary transactions	0.03
		Taiwan Airport Services	c	Airport service costs	111,470	The same as ordinary transactions	0.11
8	Taiwan Airport Services	China Airlines, Ltd.	b	Operating revenue	196,561	The same as ordinary transactions	0.19
		Mandarin Airlines	c	Operating revenue	211,437	The same as ordinary transactions	0.20
		Tigerair Taiwan Co., Ltd.	c	Operating revenue	111,470	The same as ordinary transactions	0.11
9	Cal Hotel Co., Ltd.	China Airlines, Ltd.	b	Operating revenue	118,996	The same as ordinary transactions	0.11
10	Taiwan Aircraft Maintenance and Engineering Co., Ltd.	China Airlines, Ltd.	b	Operating revenue	198,879	The same as ordinary transactions	0.19

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)