

China Airlines 2024 General Shareholders' Meeting Minutes

(Summarized Translation)

Meeting Type:

Physical Meeting

Meeting Time:

May 30, 2024 (Thursday) 9:00 a.m.

Meeting Location:

Novotel Taipei Taoyuan International Airport (No. 1-1, Hangzhan South Rd, Dayuan Dist., Taoyuan City 33758, Taiwan)

Shareholding Present:

The Company has issued a total of 6,051,540,742 shares. After deducting 2,074,628 of the Company's shares held by subsidiaries, a total of 6,049,466,114 shares may be represented by shareholders attending this General Shareholders' Meeting. Shareholders present either in person, or by proxy represented a total of 3,143,226,064 shares (including 3,058,286,871 shares represented by shareholders exercising voting rights via electronic methods); accounting for 51.95% of the total shares that may be represented by attending shareholders.

Directors Present:

Hsieh, Su-Chien; Kao, Shing-Hwang; Chen, Han-Ming; Chen, Maun-Jen; Wei, Yung-Yeh; Chao, Kang

Independent Directors Present:

Huang, Hsieh-Hsing

Chairman:

Hsieh, Su-Chien (Chairman, Board of Directors)

Minute Taker: Liu, Long-Chang

I. Meeting Called to Order:

The number and percentage of shares represented by attending shareholders of this Shareholders' Meeting meets the legal requirements. Meeting called to order by the Chairman.

II. Chairman's Opening Remarks: Omitted.

III. Order of Business:

Item 1: 2023 Business Report (Please refer to pages 2-9 in the Meeting Agenda)

Item 2: 2023 Audit Committee's Review Report – (Please refer to pages 10-11 in the Meeting Agenda)

Item 3: 2023 Employees Compensation Distribution Proposal - (Please refer to page 12 in the Meeting Agenda)

Item 4: 2023 Cash Dividends Distribution Proposal – (please refer to page 13 in the Meeting Agenda)

Item 5: Report on the Lifespan Change of 744F Cargo Aircraft – (Please refer to page 14 in the Meeting Agenda)

Item 6: 2023 Status Report on the NT\$26.5 billion Unsecured Ordinary Corporate Bonds – (Please refer to page 15 in the Meeting Agenda)

IV. Matter to Acknowledge:

Item 1: Acknowledgment of the Company's 2023 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

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

Resolution: The voting results of Item 1 is as follows:

There were 3,143,186,764 votes represented by attending shareholders at the time of voting.

Voting Result (Including Electronic Votes)	% of Attending Shareholders' Votes
Approval Votes: 2,998,729,660	95.40%
Disapproval Votes: 1,512,436	0.04%
Invalid Votes: 0	0.00%
Abstention Votes/No Votes: 142,944,668	4.54%

Through voting, the proposal was approved as proposed.

Item 2: Acknowledgment of the Company's 2023 Surplus Distribution (Proposed by the Board of Directors)

Explanatory Notes:

1. Handled in accordance with Article 228 of the Company Act.
2. Unappropriated retained earnings were NT\$2,772,207,334 (reporting currency). The 2023 net income after was \$6,818,551,227; the remeasurement of the defined-benefit plan was \$258,326,668; the change in associates recognized using the equity method was \$186,232,969; and by recognizing 10% as a legal reserve for \$637,399,159 and special reserve for \$155,639,220, the total distributable profits were \$8,353,160,545, of which cash dividends of \$4,176,580,273 were proposed to be distributed, a cash dividend of NT\$0.69016808 per share will be distributed. In the event the number of shares changes to affect the total number of shares outstanding, which affects the dividend yield to

shareholders and requires adjustment, the Chairman is authorized to make the necessary adjustments. The payment of each shareholder's cash dividend is to be in full New Taiwan Dollars while the fractional amounts will be added to the company's other income.

3. Please refer to Appendix 2 for the Company's 2023 Surplus Distribution table.
4. The proposal was approved in the 6th Extraordinary Session of the 22nd Board Meeting. After the resolution is adopted during this Shareholders' Meeting, the Board of Directors will be authorized to set the base date and the ex-dividend date for cash dividend distribution.

Resolution: The voting result of Item 2 is as follows:

There were 3,143,186,764 votes represented by attending shareholders at the time of voting.

Voting Result (Including Electronic Votes)	% of Attending Shareholders' Votes
Approval Votes: 2,988,598,965	95.08%
Disapproval Votes: 15,719,067	0.50%
Invalid Votes: 0	0.00%
Abstention Votes/No Votes: 138,868,732	4.41%

Through voting, the proposal was approved as proposed.

V. Matter for Discussions: Amendments to the “Articles of Incorporation” (Proposed by the Board of Directors)

Explanatory Notes:

1. To comply with the amendments to the “Regulations on the Establishment and Exercise of Powers by the Board of Directors of Companies Listed on the Taiwan Stock Exchange Corporation”, revisions were made to the provisions regarding gender of directors, number of directors and independent directors, and term of independent directors in the “Articles of Incorporation”.
2. To align with future business development plans and also consider shareholders' interests, revisions were made to the dividend policy in the “Articles of Incorporation”.
3. For the comparison table of provisions before and after revision, please refer to Appendix 3.
4. This proposal was approved at the 6th Extraordinary Session and the 13th Meeting of the 22nd Board of Directors.

Resolution: The voting result of this matter is as follows:

Attending shareholders represented a total of 3,143,186,764 votes.

Voting Result (Including Electronic Votes)	% of Attending Shareholders' Votes
Approval Votes: 2,938,807,331	93.49%
Disapproval Votes: 1,790,579	0.05%
Invalid Votes: 0	0.00%
Abstention Votes/No Votes: 202,588,854	6.44%

Through voting, the proposal was approved as proposed.

VI. Election Items:

Item: Proposal to elect the 23rd Directors (Proposed by the Board of Directors)

Explanatory Notes:

1. The term of office of the 22nd Board of Directors of the Company will expire on August 11, 2024. The 13th Session of the 22nd Board of Directors resolved to elect 13 directors (including 5 independent directors, one of whom is an independent director for public welfare) at the 2024 General Shareholders' Meeting, with a term of 3 years from May 30, 2024 to May 29, 2027.
2. The Company's director election adopts the candidate nomination system under Article 192-1 of the Company Act. Shareholders should elect from the list of director candidates. The 6th Extraordinary Session of the 22nd Board of Directors reviewed and approved the qualifications of 13 director candidates (including 5 independent directors, one of whom is an independent director for public welfare). For their main education/work experience and other relevant information, please refer to Appendix 4.

Resolution: The 23rd Directors and corresponding votes received are listed in the table below.:

Type	Name	Votes
Director	China Aviation Development Foundation Representative: Hsieh, Su-Chien	5,833,299,509
Director	China Aviation Development Foundation Representative: Chen, Chih-Yuan	3,963,493,044
Director	China Aviation Development Foundation Representative: Ting, Kwang-Hung	3,519,805,126
Director	China Aviation Development Foundation Representative: Chen, Han-Ming	3,526,829,390
Director	China Aviation Development Foundation Representative: Chen, Maun-Jen	3,526,347,038
Director	China Aviation Development Foundation Representative: Su, Pei-Hsien	1,773,444,003

Type	Name	Votes
Director	China Aviation Development Foundation Representative: Huang, Huei-Jen	1,774,819,706
Director	National Development Fund, Executive Yuan Representative: Wei, Chien-Hung	3,829,018,283
Independent Director	Huang, Yih-Ray	1,576,496,259
Independent Director	Huang, Hsieh-Hsing	1,551,658,392
Independent Director	Chang, Hsieh Gen-Sen (Independent Director for public welfare)	1,674,143,800
Independent Director	Lin, Yu-Fen	1,579,702,707
Independent Director	Lin, Kua-Chang	3,851,858,123

VII. Other Matters

Description: Proposal to lift the restriction of non-competition prohibition imposed on the 23rd term of Directors of the Company (Proposed by the Board of Directors)

Explanatory Notes:

1. According to Article 209 of the Company Act, a board director acting on behalf of him/herself or another in matters within the business scope of the Company shall explain the importance of its actions and obtain approval at the General Shareholders' Meeting.
2. Due to the requirement of service of directors (including juristic persons and designated representatives) of the 23rd Board of Directors or as they have invested in or operate other companies with the business scope that is in the same area as or similar to that of China Airlines, but which does not adversely affect the interests of China Airlines, a proposal be made at the General Shareholders Meeting to remove non-compete restrictions on the 23rd Directors to enable shareholders to exercise voting rights electronically. Please refer to page 52 of this handbook for the details of the relevant interests of nominees and the non-compete restrictions that shall be lifted on the 23rd term of Directors of the Company.
3. The proposal was approved in the 6th Extraordinary General Meeting of the 22nd Board of Directors.

Resolution: The voting result of this matter is as follows:

There were 3,143,186,764 votes represented by attending shareholders at the time of voting.

Voting Result (Including Electronic Votes)	% of Attending Shareholders' Votes
Approval Votes: 2,913,533,868	92.69%

Voting Result (Including Electronic Votes)	% of Attending Shareholders' Votes
Disapproval Votes: 25,402,937	0.80%
Invalid Votes: 0	0.00%
Abstention Votes/No Votes: 204,249,959	6.49%

Through voting, the proposal was approved as proposed.

XVII. Questions and Motions

Speech Summary:

Shareholder's Question: (Account No. 756098)

1. Regarding flight experience, it was commented that regional flights tend to have harder landings compared to flights to Europe and the United States. The shareholder inquired whether the Company prioritizes long-haul flights over short-haul flights.
2. Regarding the vegetarian meal incident at the beginning of the year and the issue of separating crew meals from passenger meals, the shareholder provided suggestions based on their personal flight experience.
3. The shareholder provided suggestions on service quality of cabin crew and ground staff.
4. The shareholder inquired about the selection criteria for cabin crew.

Chairman's Response:

1. Caused by several factors, whether a plane has a hard landing isn't able to be determined solely by feeling. Flight safety is the Company's responsibility, and flight safety management is implemented on every flight. No prioritization of long-haul flights over short-haul flights exists.
2. Regarding the vegetarian meal incident, a review and improvement have been made. In principle, meals of different classes will not be served across classes to maintain fairness.
3. Regarding the shareholder's feedback on unsatisfactory service from ground staff, passengers may report their experience through the Company's customer service center.
4. Regarding the shareholder's question about the selection criteria for cabin crew, the Company mainly focuses on aptitude tests, not solely on appearance.

VIII. Meeting adjourned by the Chairman, at 9:54 a.m., May 30, 2024.

(The meeting minutes are recorded in accordance with the provisions of the Company Act. In case where the content and procedures of the meeting are concerned, the video and audio recordings of the meeting shall prevail.)

Appendix 1
INDEPENDENT AUDITORS' REPORT
The Board of Directors and Shareholders
China Airlines, Ltd.

Opinion

We have audited the accompanying financial statements of China Airlines, Ltd. (the “Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Passenger Revenue Recognition

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

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

The main audit procedures that we performed included the following:

1. We understood and tested the internal control related to the process of revenue from passenger,

including manual and automatic control.

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

Other Matter - Audited by Other Independent Auditors

The financial statements of some investments accounted for using the equity method in Note 12 were audited by other independent auditors, and our audit opinion is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the aforementioned investments accounted for using the equity method amounted to NT\$3,179,818 thousand and NT\$725,747 thousand, representing 1.20% and 0.27% of the total assets, respectively. For the years ended December 31, 2023 and 2022, the combined share of profit (loss) and other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$1,399,769 thousand and NT\$(2,230,169) thousand, representing 23.14% and 761.22% of the total comprehensive income, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial

Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due

to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

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

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

CHINA AIRLINES, LTD.

BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

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

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

CHINA AIRLINES, LTD.

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 30)	\$ 161,675,533	100	\$ 141,069,849	100
OPERATING COSTS (Notes 4, 10, 25 and 30)	<u>144,040,004</u>	<u>89</u>	<u>128,089,348</u>	<u>91</u>
GROSS PROFIT	17,635,529	11	12,980,501	9
OPERATING EXPENSES (Notes 4, 25 and 30)	<u>11,041,166</u>	<u>7</u>	<u>7,063,461</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>6,594,363</u>	<u>4</u>	<u>5,917,040</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	1,872,180	1	1,307,531	1
Other gains and losses (Notes 11, 12, 13 and 25)	(888,612)	(1)	1,824,894	1
Finance costs (Notes 25 and 29)	(2,242,776)	(1)	(2,220,960)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures (Note 12)	<u>2,720,299</u>	<u>2</u>	<u>(2,939,603)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>1,461,091</u>	<u>1</u>	<u>(2,028,138)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	8,055,454	5	3,888,902	3
INCOME TAX EXPENSE (Notes 4 and 26)	<u>1,236,902</u>	<u>1</u>	<u>1,029,399</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>6,818,552</u>	<u>4</u>	<u>2,859,503</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Gain (loss) on hedging instruments subject to basis adjustment (Notes 4, 24 and 29)	(354,851)	-	(144,906)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 24)	(3,603)	-	8,570	-
Remeasurement of defined benefit plans (Notes 4 and 23)	(322,908)	-	28,890	-
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (Notes 4 and 24)	(200,784)	-	219,689	-

(Continued)

CHINA AIRLINES, LTD.

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

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

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

(Concluded)

CHINA AIRLINES, LTD.

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

	Retained Earnings					Other Equity			Treasury Shares	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments		
BALANCE AT JANUARY 1, 2022	\$ 59,412,243	\$ 2,694,529	\$ -	\$ -	\$ 9,253,848	\$ (120,079)	\$ (5,512)	\$ 2,839,419	\$ (30,875)	\$ 74,043,573
Basis adjustment to gain (loss) on hedging instruments	-	-	-	-	-	-	-	100,687	-	100,687
Appropriation of 2021 earnings	-	-	925,385	-	(925,385)	-	-	-	-	-
Legal reserve	-	-	-	-	(5,000,000)	-	-	-	-	(5,000,000)
Cash dividends - \$0.83145736 per share	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from dividends to subsidiaries	-	1,725	-	-	-	-	-	-	-	1,725
Net profit for the year ended December 31, 2022	-	-	-	-	2,859,503	-	-	-	-	2,859,503
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	196,415	115,781	46,430	(3,511,101)	-	(3,152,475)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	3,055,918	115,781	46,430	(3,511,101)	-	(292,972)
Convertible bonds converted to ordinary shares	723,131	424,050	-	-	-	-	-	-	-	1,147,181
Others	-	7	-	-	-	-	-	-	-	7
BALANCE AT DECEMBER 31, 2022	60,135,374	3,120,311	925,385	-	6,384,381	(4,298)	40,918	(570,995)	(30,875)	70,000,201
Basis adjustment to gain (loss) on hedging instruments	-	-	-	-	-	-	-	168,844	-	168,844
Appropriation of 2022 earnings	-	-	305,592	-	(305,592)	-	-	-	-	-
Legal reserve	-	-	-	-	(534,375)	-	-	-	-	-
Special reserve	-	-	-	534,375	-	-	-	-	-	-
Cash dividends - \$0.4602191 per share	-	-	-	-	(2,772,207)	-	-	-	-	(2,772,207)
Changes in capital surplus from dividends distributed to subsidiaries	-	955	-	-	-	-	-	-	-	955
Changes in percentage of ownership interests in subsidiaries	-	452,110	-	-	-	-	-	-	-	452,110
Issuance of employee share options by the subsidiaries	-	24,055	-	-	-	-	-	-	-	24,055
Net profit for the year ended December 31, 2023	-	-	-	-	6,818,552	-	-	-	-	6,818,552
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(444,560)	(8,667)	(18,192)	(297,624)	-	(769,043)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	6,373,992	(8,667)	(18,192)	(297,624)	-	6,049,509
Convertible bonds converted to ordinary shares	378,033	289,615	-	-	-	-	-	-	-	667,648
BALANCE AT DECEMBER 31, 2023	\$ 60,513,407	\$ 3,887,046	\$ 1,230,977	\$ 534,375	\$ 9,146,199	\$ (12,965)	\$ 22,726	\$ (699,775)	\$ (30,875)	\$ 74,591,115

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

CHINA AIRLINES, LTD.

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

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

(Continued)

CHINA AIRLINES, LTD.

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

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Airlines, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of China Airlines, Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Passenger Revenue Recognition

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

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

The main audit procedures that we performed included the following:

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

Other Matter

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

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

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

CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

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

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

CHINA AIRLINES, LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

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

(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

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

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

(Concluded)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

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

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

CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

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

(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

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

(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

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

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

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

(Concluded)

Appendix 2

China Airlines Ltd.
Distribution of 2023 Earnings

Unit: NT\$

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

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

Chairman: HSIEH, SU-CHIEN

Manager: KAO, SHING-HWANG

Accounting Supervisor: YEN, YANG

China Airlines Ltd.

Articles of Incorporation Comparison Table

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

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

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

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

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

Appendix 4

China Airlines Ltd.

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

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

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

China Airlines Ltd.

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

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

		County Government, Member of the National Compensation Handling Committee, Yilan County Government, Appeal Review Committee member, Yilan County Government, Dispute Arbitration Committee, Yilan County Labor-Management, Consultation Committee Member, Yilan County Emergency Medical Rescue, Education: Master of Law in National Taipei University
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Appendix 5

China Airlines Ltd.

Details of Positions Concurrently Held by 23rd Directors

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