

Stock Code: 2610



CHINA AIRLINES

2026 Annual General Shareholders' Meeting

Agenda

Time: May 27, 2026 (Wed.), 9:00 A.M.
Location: Hyatt Regency Taoyuan International Airport, No.1-1, Hangzhan S. Rd.,
Dayuan Dist., Taoyuan City 33758, Taiwan
Conveying Method: Physical Meeting

(Summary Translation)

This document is based on the Chinese version and is for reference only. In the event of discrepancies between the English and Chinese versions, the Chinese version shall prevail.

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China Airlines 2026 Annual Shareholders' Meeting Agenda

Time: May 27, 2026 (Wed.), 9:00 A.M.

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

Conveying Method: Physical Meeting

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

2. Chairman's Opening Remarks

3. Matters to Report:

- (1) 2025 Business Report
- (2) 2025 Audit Committee's Review Report
- (3) 2025 Employees Compensation Distribution Report
- (4) 2025 Cash Dividends Distribution Report
- (5) 2025 Status Report on the NT\$3.1 billion Unsecured Ordinary Corporate Bonds
- (6) Amendments to "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct"

4. Matters for Acknowledgement:

- (1) Acknowledgment of 2025 Business Report and Financial Statements
- (2) Acknowledgment of 2025 Surplus Distribution

5. Matters for Discussion:

- (1) Amendment to the "Procedures Governing the Acquisition and Disposal of Assets"
- (2) Amendments to the "Operational Procedures for Derivatives Trading"
- (3) Proposal to Lift the Restriction of Non-competition Prohibition Imposed on the 23rd Term of Directors of the Company

6. Questions and Motions

7. Meeting Adjournment

Matters to Report

Item 1

Cause of action: The 2025 Business Report is submitted for review.

Details: Please refer to pages 3-10 of this handbook for the Business Report.

2025 Business Report

Looking back on 2025, the aviation industry faced a complex operating environment marked by heightened geopolitical risks and ongoing supply chain disruptions. These factors continued to exert pressure on airlines, resulting in aircraft delivery delays, constraints on airline operations and service expansion, higher maintenance and labor costs, and increasing requirements for greenhouse gas emissions management.

Against this backdrop, the impact of volatile trade policies on the broader economy proved less pronounced than anticipated. Supported by the rapid advancement of artificial intelligence, global economic activity remained resilient, sustaining steady demand across both passenger and cargo markets. Moderate fuel prices also helped airlines maintain stable profitability, supporting continued growth in overall operational performance.

In 2025, China Airlines achieved another all-time high in revenue, demonstrating the Company's operational resilience and the effectiveness of its proactive, disciplined approach in navigating an increasingly dynamic operating environment.

In response to growing demand in the passenger and cargo markets, and to enhance aircraft service efficiency, China Airlines has proactively advanced its fleet renewal and network expansion initiatives. The Company has announced orders for 15 Airbus A350-1000 passenger aircraft, 15 Boeing 777-9 passenger aircraft, and 8 Boeing 777-8F freighters, with deliveries scheduled to commence in 2029. Together with the previously ordered Boeing 787 aircraft, these additions will form a modern, next-generation fleet to support the Company's major passenger and cargo operations. Since their introduction in late 2021, the Airbus A321neo fleet has grown to 21 aircraft by the end of 2025 and will progressively replace the Boeing 737-800, becoming the backbone of regional routes. To further enhance passenger services, cabin retrofit integration and technical services for 15 Airbus A350-900 aircraft have been initiated, with refurbishment programs for the upgraded A350-900 fleet expected to commence progressively from 2027. The increasing share of next-generation aircraft will further enhance service excellence and the overall customer experience, strengthen China Airlines' brand positioning, and underpin sustained improvements in operating performance.

China Airlines' sustainability achievements in 2025 were recognized with multiple prestigious awards, highlighting the Company's continued commitment to sustainable development. These included its inclusion in the FTSE4Good Index Series for the 10th consecutive year, the Taiwan Corporate Sustainability Award (TCSA) for the 12th consecutive year, and the Global Corporate Sustainability Award (GCSA) for the 7th consecutive year. The Company also entered its fourth year of participation in the SkyTeam Sustainable Flight Challenge, where its performance was recognized by the alliance with the Sustainable Aviation Fuel (SAF) Transformation Award. In addition, China Airlines was once again honored with the APEX Five Star Global Airline award, marking its tenth consecutive year of recognition. As the only global airline rating based entirely

on verified passenger feedback, the APEX award reflects the Company's unwavering commitment to service excellence and its ability to consistently deliver superior travel experience.

As the Company enters 2026, it faces a landscape characterized by moderating growth momentum, elevated cost pressures, geopolitical uncertainty, and evolving policy dynamics. China Airlines will continue to enhance the flexibility of its fleet and network, reinforce cost management discipline, and strengthen digital capabilities and sustainability governance to navigate a highly dynamic operating environment.

Guided by its brand promise, "China Airlines Quality, From the Heart," China Airlines remains dedicated to a customer-first service philosophy, bringing professionalism, safety, and warmth into every journey. Through consistently delivering a trusted and high-quality travel experience, China Airlines aims to further deepen customer confidence and solidify its industry-leading position in global aviation.

1 Operating Performance

Revenue for 2025 reached NT\$178.954 billion (all amounts in New Taiwan dollars unless otherwise stated), representing a year-on-year increase of 2.15%. Net profit after tax totaled NT\$14.7 billion, up NT\$3.17 billion from the previous year, while basic earnings per share were NT\$2.42.

1.1 Fleet

In 2025, the Company introduced seven Airbus A321neo aircraft and one Boeing 777 freighter, further optimizing its fleet structure. As of the end of December 2025, the fleet comprised 87 aircraft, including 69 passenger aircraft and 18 freighters.

1.2 Passenger Operations

Passenger revenue totaled NT\$103.975 billion, accounting for 58.1% of total revenue, with a year-on-year decrease of 3.21%. As of the end of December 2025, China Airlines, together with Mandarin Airlines and code-share services, operated flights to 191 passenger destinations across 29 countries in Asia, Europe, the Americas, and Oceania.

1.3 Cargo Operations

Cargo revenue reached NT\$66.594 billion, accounting for 37.21% of total revenue, with a year-on-year increase of 10.17%. As of the end of December 2025, China Airlines operated a fleet of 18 freighters, comprising eight Boeing 747-400F and ten Boeing 777F aircraft, serving 33 destinations across 15 countries in Asia, Europe, and the Americas, with an average of approximately 106 flights per week.

1.4 Other Revenue

Other revenue, including in-flight duty-free sales, totaled NT\$8.385 billion, accounting for 4.69% of total revenue, with a year-on-year increase of 14.58%.

1.5 Investments and Returns

As of the end of December 2025, the Company held investments in 26 affiliates across sectors including aviation, ground handling, logistics and warehousing, aircraft maintenance, and tourism and leisure. Total investment income for the year amounted to NT\$3.562 billion.

2 Budget and Profitability Analysis

2.1 Revenue and Expense Overview

Operating revenue totaled NT\$178.954 billion, up NT\$3.772 billion year-on-year.

Operating costs and expenses totaled NT\$163.49 billion, up NT\$1.088 billion year-on-year.

Profit before tax totaled NT\$17.539 billion, up NT\$0.452 billion year-on-year.

Net profit totaled NT\$14.7 billion, up NT\$0.317 billion year-on-year.

2.2 Budget Implementation

Projected revenue totaled NT\$179.977 billion, while actual revenue reached NT\$178.954 billion, achieving 99.43% of projected revenue.

Budgeted operating costs and expenses totaled NT\$168.682 billion, while actual operating costs and expenses reached NT\$163.49 billion, representing 96.92% of budget.

Projected income from non-operating activities totaled NT\$2.473 billion, while actual net income from non-operating activities reached NT\$2.075 billion.

Projected full-year profit before tax totaled NT\$13.768 billion, while actual net profit before tax reached NT\$17.539 billion.

2.3 Profitability:

Return on assets	5.42%
Return on equity	16.01%
Net profit margin	8.21%
Basic earnings per share	NT\$2.42

3 Research and Development

3.1 Boeing 787

China Airlines continues to enhance its cabin product and service quality in preparation for the introduction of its Boeing 787 (Wide-body Aircraft) fleet, with initial deliveries scheduled from 2026. The new aircraft will feature next-generation seating, high-definition inflight entertainment systems, and onboard connectivity. Cabin interiors will be designed in line with the latest industry trends, incorporating high-specification, customized features to deliver an elevated passenger experience.

3.2 Airbus A321neo

China Airlines' A321neo fleet is configured with 180 seats in a two-class layout, comprising 12 full-flat Business Class seats and 168 newly designed Economy Class seats. All aircraft are equipped with the latest-generation inflight entertainment system, featuring industry-leading 4K personal screens and Bluetooth connectivity, enabling passengers to use their own wireless headphones. High-speed inflight connectivity is also available, supporting a seamless digital experience throughout the journey. These enhancements strengthen product competitiveness, reinforce brand differentiation, and foster deeper connection and resonance with passengers.

3.3 Airbus A350-900

To continuously provide passengers with a high-quality travel experience and enhance cabin product competitiveness, China Airlines has initiated the upgrade of A350-900 cabin equipment, adopting the latest cabin seat equipment, new-generation high-definition personal entertainment systems, and high-spec customized cabin equipment according to the latest industry trends.

3.4 Elevating Service and Brand Through a Customer-Centric Approach

China Airlines places passengers at the heart of its service and brand strategy, guided by its commitment to "Service from the Heart" and its vision of becoming "The Best Carrier from Taiwan." By integrating brand and marketing strategies with digital innovation and cross-industry partnerships, the Company continues to strengthen its brand image and expand its international presence. Cabin products and service experiences will be continuously refined, with ongoing enhancements to cabin design, inflight entertainment, and connectivity, alongside the introduction of more intelligent and personalized features. Service processes across both inflight and ground operations will also be further optimized to ensure greater consistency and attention

to detail, delivering an experience that combines technological sophistication with genuine warmth. In inflight amenities and catering, the Company aims to deepen collaborations with leading international and local brands, incorporating sustainability principles to drive innovation and create differentiated value. Through the parallel advancement of brand, product, and service, China Airlines will continue to strengthen its market competitiveness and progress steadily toward becoming a leading Asian airline with global influence.

3.5 Digital Marketing and Data-Drive CRM Development

In response to industry development and evaluation of new technology applications, China Airlines continues to advance digital and data-driven marketing initiatives with a focus on customer relationship management. By integrating transaction histories, including ticketing and duty-free purchases, the Company leverages EDM, mobile push notifications, and social media platforms (e.g. Facebook, Instagram, LINE) to drive traffic to its official website. Through advanced data analytics, customer behavior and preferences are identified to enable precise, personalized marketing strategies tailored to different customer segments, including members, non-members, and high-value passengers. These initiatives enhance customer engagement, increase digital channel utilization, and support overall revenue growth.

3.6 Strategic Partnerships with Renowned Intellectual Property (IP) Brands

China Airlines collaborates with well-known intellectual property brands to enhance its brand awareness and appeal. Through dedicated campaign platforms and social media engagement, these partnerships are designed to attract younger audiences while driving product sales growth.

3.7 Enhancing Customer Support Channels

3.7.1 AI-Powered Customer Support

Customer service capabilities have been upgraded through the introduction of AI-powered solutions incorporating generative AI and large language models. These systems are capable of understanding passenger inquiries and delivering natural, conversational responses in 12 different languages, while also offering travel assistance functions to support itinerary planning.

3.7.2 24/7 Global Customer Service Network

By integrating customer service centers in Taipei, North America, and other global locations, China Airlines provides round-the-clock telephone support in both Chinese and English. This global network enables passengers to access timely assistance based on their location and preferred service hours.

3.8 Optimizing Website and Mobile Services

China Airlines has launched a comprehensively revamped "China Airlines App" mobile application with an integrated membership platform, improving access to mileage information and streamlining the user journey. Ongoing enhancements to both the mobile app and official website aim to deliver a more intuitive interface and a consistent, seamless cross-platform digital experience.

3.9 Upgrading Online Booking Experience

China Airlines has initiated a comprehensive redesign of its official website to provide a more intuitive, user-friendly interface and a smoother booking experience. By integrating big data analytics and search engine optimization, the website accurately delivers promotional fares and curated travel content to target users, enhancing reach and conversion rates. Improved discount code functionality further supports customer acquisition and strengthens digital competitiveness.

3.10 Cybersecurity and Transaction Protection

In line with industry trends, China Airlines has implemented advanced traffic monitoring and transaction risk management systems to detect abnormal activity and automated threats in real time. These measures enhance digital protection capabilities and ensure a secure and reliable online booking environment.

3.11 Digitalization of Membership Services

3.11.1 Continued to promote digital member services and strengthen security. The updated App added an integrated "Member Area," enabling members to quickly access a digital membership card and check mileage information, improving convenience.

3.11.2 Enabled online activation of mileage transfer authorization. Dynasty members can instantly review and manage the number of transferees and the approved list by card tier and transfer miles accordingly.

3.11.3 Dynasty members can use the “chatbot” to inquire about “cabin upgrade or award ticket availability,” and then proceed to the Dynasty member portal to book cabin upgrades or issue award tickets without calling the customer service center.

3.11.4 To increase engagement with members, the Company continued to host “Member Day” campaigns. In addition to ticketing promotions released on the official website, limited-time offers were launched in collaboration with cross-industry partners, complemented by social media posts to enhance member loyalty.

3.11.5 At the end of November 2025, the Dynasty Mileage Program transitioned to a new points-based system, making accrual more intuitive. Members who meet upgrade criteria can be upgraded immediately without waiting for the next cycle. Mileage usage has also become more flexible, allowing members to transfer miles and purchase additional miles via the China Airlines official website. To reduce the environmental impact of air travel and support ESG initiatives, members were invited to participate in the “Light Travel Member Challenge.”

3.12 Information Development Strategy

China Airlines’ information development strategy continues to center on “digital resilience” and “technological innovation”, with artificial intelligence serving as a key driver of transformation. 2025 marked the Company’s third year of advancing artificial intelligence. Externally, the Company is advancing the deployment of AI applications across passenger, cargo, and service domains, including the development of agent-based AI solutions and on-premises deployment capabilities, alongside expanded use of edge computing to enhance responsiveness and operational agility. Internally, the Company is expanding the use of digital tools and virtual workforce solutions to support operations, while strengthening employees’ digital capabilities. AI technologies are being increasingly integrated into process optimization, predictive decision-making, and personalized service delivery.

According to the International Air Transport Association (IATA), the global airline industry's net profit margin is expected to remain at 3.9% in 2026, unchanged from 2025. This reflects a gradual stabilization in industry profitability, supported by increased air travel demands. However, constraints in aircraft supply have emerged as a structural challenge to industry growth. Airlines will need to adopt more precise fleet planning and enhance operational efficiency to address the dual pressures of cost and expansion. In the year ahead, China Airlines will continue to strengthen governance and operational resilience, prudently position growth drivers, and steadily advance its sustainability objectives.

Chairman: KAO, SHING-HWANG

President: CHEN, HAN-MING

Accounting Supervisor: YEN, YANG

Item 2

Cause of action: The 2025 Audit Committee's Review Report is submitted for review.

Details: Please refer to page 12 of this handbook for the Audit Committee's Review Report.

Audit Committee's Review Report

The Board of Directors shall create and send (1) the 2025 consolidated financial statement and the individual financial statement that has been jointly audited by Deloitte CPAs Kuan-Hao Lee and I-Chi Chien who released an official unqualified opinion by March 11, 2026, and (2) the 2025 Business Report and Deficit Compensation Statement, after having been found to have no discrepancies by this audit committee and, thereupon, issued a report in accordance with the items stipulated in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

China Airlines

Convener of the Audit Committee: HUANG, HSIEH HSING

April 9, 2026

Item 3

Cause of action: The 2025 Employees Compensation Distribution Report is submitted for review.

Details:

1. In accordance with Article 25 of the Company's Articles of Incorporation, in the case of a profitable fiscal year, the Company is to allocate 4% of the pre-tax earnings before the deduction as employee compensation.
2. For 2025, the Company paid NT\$730 million in cash compensation to its employees.
3. This item was approved during the 10th Session of the 23rd Board Meeting.

Item 4

Cause of action: The 2025 Cash Dividends Distribution Report is submitted for review.

Details:

1. In accordance with Article 25 of the Articles of the Company's Articles of Incorporation.
2. A cash dividend of NT\$0.82 per share is to be distributed, amounting to a total cash dividend of NT\$5,000,483,999.
3. Cash dividends payable to individual shareholders shall be rounded down to the nearest NT dollar. Any fractional amounts of less than NT\$1 in aggregate shall be recorded as other income of the Company.
4. In the event that the number of shares outstanding is affected by factors such as share repurchases, transfer, or cancellation of treasury shares, resulting in changes to the dividend distribution ratio, the Chairperson is authorized with full discretion to make necessary adjustments.
5. This proposal was approved by the 8th Extraordinary Meeting of the 23rd Board of Directors, and the Chairperson is authorized to determine the ex-dividend record date and payment date, as well as other relevant matters.

Item 5

Cause of action: The 2025 Status Report on the NT\$3.1 billion Unsecured Ordinary Corporate Bonds is submitted for review.

Details:

1. In accordance with Article 246 of the Articles of the Company Act, a company may, by a resolution adopted by the Board of Directors, invite subscription for corporate bonds, provided that the reasons for the said action as well as other relevant matters shall be reported to the meeting of shareholders.
2. In order to meet the needs of operational development and loan repayment, as well as to stabilize future medium and long-term financing costs, the Company resolved to issue domestic unsecured ordinary corporate bonds in an amount not exceeding NT\$80 billion through multiple issuances at the 5th Session of the 23rd Board Meeting.
3. The raising of the NT \$3.1 billion Unsecured Ordinary Corporate Bonds for the year 2025 was completed, with the status shown in the attached table below.

Item	Issue for 2025
Date of issue	August 28 th , 2025
Total issue amount	NT \$3.1 billion
Issuing price	At par amount
Issuing Period	5 years
Coupon rate	Fixed rate annual interest 2.18%
Capital repayment method	Each 50% of the principal will be repaid respectively in the 4th and 5th year
The execution of funding utilization plan	Completed in 2026 Q1

4. This item was approved during the 10th Session of the 23rd Board Meeting.

Item 6

Cause of action: Report on the Amendments to “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” is submitted for review.

Details:

1. In accordance with Article 27 of the Code of Ethical Corporate Management Best Practice Principles and Article 23 of the Procedures for Ethical Management and Guidelines for Conduct, the aforementioned documents shall be implemented upon approval by the Board of Directors and subsequently submitted to the Shareholders’ Meeting. The same procedure shall apply to any amendments. Accordingly, this proposal is hereby submitted to the Board of Directors for approval and will thereafter be reported to the Shareholders’ Meeting.
2. In alignment with the anti-corruption and anti-bribery assessment requirements of the 2025 Dow Jones Best-in-Class Indices (DJBIC), certain provisions of these Principles and Guidelines have been amended to ensure concrete implementation and effective management.
3. Comparison Table of Amendment to the Ethical Corporate Management Best Practice Principles can be found on pages 17 to 22 of the 2026 Annual General Meeting Handbook.
4. This proposal was approved at the 10th meeting of the 23rd Board of Directors.

CHINA AIRLINES LTD.

Comparison Table of Amendment to the Ethical Corporate Management Best Practice Principles

Amended Provisions	Existing Provisions	Explanation of Amendments
Article 2 : When engaging in commercial activities, directors, managers, employees, and mandataries of companies or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits <u>(including acts of corruption or bribery)</u>, nor commit unethical acts, including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct"), for the purpose of acquiring or maintaining benefits. (Omitted below)	Article 2 : When engaging in commercial activities, directors, managers, employees, and mandataries of companies or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request, or accept any improper benefits, , nor commit unethical acts, including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct"), for the purpose of acquiring or maintaining benefits. (Omitted below)	The Company explicitly states that corruption and bribery are considered improper conduct and will not be tolerated by the Company.
Article 6 : The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training <u>(including anti-corruption and anti-bribery)</u>. The Company shall comply with relevant laws and regulations of the territory where the Company and business group operate.	Article 6 : The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training. The Company shall comply with relevant laws and regulations of the territory where the Company and business group operate.	The Company explicitly states that its relevant education and training programs include anti-corruption and anti-bribery content, which are regarded as unethical conduct and are not accepted by the Company.

Amended Provisions	Existing Provisions	Explanation of Amendments
Article 23 : The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system <u>and procedures for handling breaches</u> shall include, as a minimum, the following:	Article 23 : The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system shall include, as a minimum, the following:	As the Company has established relevant procedures, the wording has been revised in line with the DJBIC assessment criteria to better reflect actual practices.
Article 25 : The Company shall disclose the measures taken for implementing ethical corporate management, the status of the implementation, and the effectiveness of its implementation on their company websites, annual reports, and prospectuses and shall disclose their Ethical Corporate Management Best Practice Principles.	Article 25 : The Company shall disclose the measures taken for implementing ethical corporate management, the status of the implementation, and the effectiveness of its implementation on their company websites, annual reports, and prospectuses and shall disclose their Ethical Corporate Management Best Practice Principles <u>on the Market Observation Post System</u> .	To streamline reporting requirements for issuing companies, the Taiwan Stock Exchange removed, in April 2025, the relevant provisions that required disclosure on the Market Observation Post System (MOPS).
Article 27 : <u>The ethical corporate management best practice principles and any amendments hereto shall be implemented after they are approved by the board of directors and reported to the shareholders meeting. When the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's</u>	Article 27 : The Ethical Corporate Management Best Practice Principles shall be implemented after they are approved by the board of directors and <u>shall be sent to the supervisors and reported at a shareholders' meeting. The same procedure shall be followed when principles are amended. When the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full</u>	In compliance with Article 27, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed companies, the wording has been adjusted to reflect actual operational practices.

Amended Provisions	Existing Provisions	Explanation of Amendments
<u>opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</u>	<u>consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</u>	

China Airlines, Ltd.
Comparison Table of Amendment to the
Procedures for Ethical Management and Guidelines for Conduct

Amended Provisions	Existing Provisions	Explanation of Amendments
Article 20 : This Corporation <u>has established clear procedures for reporting and handling breaches</u> to encourage insiders and outsiders to inform of unethical or <u>improper</u> conduct (including any acts of <u>corruption or bribery</u>). Insiders having made a false report or malicious accusation shall be subject to disciplinary action. This Corporation shall internally establish and publicly announce on its website and the intranet, or provide through an independent mailbox, auditor@china-airlines.com for Company insiders and outsiders to submit reports. <u>The procedures are as follows:</u>	Article 20 : The Company encourages insiders and outsiders for inform of unethical or <u>unseemly</u> conduct. Internal personnel having made a false report or malicious accusation shall be subject to disciplinary action. The Company shall internally establish and publicly announce on its website and the intranet, or provide through an independent mailbox, “auditor@china-airlines.com” for internal and external personnel to submit reports.	As the previous version of the Guidelines did not explicitly specify handling procedures, the wording has been revised in alignment with the DJBIC assessment criteria.
Article 22 : The Company shall organize <u>and</u> encourage personnel to participate <u>in internal and external education and training related to the ethical awareness training (including anti-corruption and anti-bribery training courses) to fully convey the importance of integrity. This aims to effectively communicate the significance of ethical business conduct and enhance all employees’ awareness of and compliance with integrity principles.</u> The Company shall link ethical management to employee performance evaluations and	Article 22 : The Company shall organize <u>or</u> encourage personnel to participate in the ethical awareness <u>course, internal or external, to communicate the importance of ethics.</u> The Company shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints. If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in	As DJBIC introduced new assessment items on anti-corruption and anti-bribery, the wording has been revised to clearly reflect the Company’s inclusion of relevant training programs.

Amended Provisions	Existing Provisions	Explanation of Amendments
human resources policy, and establish clear and effective systems for rewards, penalties, and complaints. If any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the Company.	accordance with applicable laws and regulations or the personnel policy and procedures of the Company.	
Article 23 : The Procedures for Ethical Management and Guidelines for Conduct, and any amendments hereto shall be implemented after <u>they are approved by the board of directors and reported to the shareholders meeting.</u> When these Procedures for Ethical Management and Guidelines for Conduct are submitted to the board of directors for discussion <u>by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting,</u>	Article 23 : The Procedures for Ethical Management and Guidelines for Conduct, and any amendments hereto, shall be implemented after <u>adoption by resolution of the board of directors, and shall be delivered to each supervisor and reported to the shareholders meeting.</u> When these Procedures for Ethical Management and Guidelines for Conduct are submitted to the board of directors for discussion, <u>each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded</u>	In compliance with Article 24, Paragraph 2 of the Procedures for Ethical Management and Guidelines for Conduct for TWSE/TPEx-listed companies, the wording has been adjusted to align with actual operational procedures.

Amended Provisions	Existing Provisions	Explanation of Amendments
<u>unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.</u>	<u>in the minutes of the board of directors meeting.</u>	

Matters for Acknowledgement

Item 1 (Proposed by the Board of Directors)

Cause of action: Acknowledgement of 2025 Business Report and Financial Statements.

Details:

1. The Company's 2025 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 I-Chi Chien and were approved and documented during the 10th Session of the 23rd Board Meeting.
2. For the 2025 Annual Business Report, please refer to pages 3-10 of this handbook, for the CPA Audit Report and the financial statements referred to above, please see pages 24-44 of this handbook.

Resolution:

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
China Airlines, Ltd.

Opinion

We have audited the accompanying parent company only financial statements of China Airlines, Ltd. (the “Company”), which comprise the balance sheets as of December 31, 2025 and 2024, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the “parent company only financial statements”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, 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 Parent Company Only 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 parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only 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 parent company only financial statements is stated below:

International Passenger Fare Revenue Recognition

In accordance with IFRS 15 “Revenue from Contracts with Customers”, passenger sales are accounted for as contract liabilities before relevant transportation services are provided. After providing the related services, contract liabilities are reclassified to passenger revenue. Refer to Notes 4 and 25 of the accompanying parent company only financial statements for related detailed information.

Since relevant sales can only be recognized after passengers have boarded the aircraft and unused tickets are subsequently reclassified as international passenger fare revenue, the revenue recognition process involves complex workflows. There is a risk that revenue may be recognized before performance obligations are fully satisfied. Accordingly, we identified international passenger fare 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 international passenger fare, including manual and automatic control.
2. We understood and tested the effectiveness of the information system related to the recognition of international passenger fare revenue.
3. We sampled several flight tickets, which were used and recognized as revenue, to verify whether the boarding date matched the date recorded on the tickets from advanced sales of tickets, ensuring the occurrence of revenue recognition.

Other Matter - Audited by Other Independent Auditors

The parent company only 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, 2025 and 2024, the aforementioned investments accounted for using the equity method amounted to NT\$4,791,799 thousand and NT\$4,993,997 thousand, representing 1.49% and 1.68% of the total assets, respectively. For the years ended December 31, 2025 and 2024, 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\$1,618,249 thousand and NT\$2,036,068 thousand, representing 10.09% and 14.88% of the total comprehensive income, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only 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 parent company only financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2026

Notice to Readers

The accompanying parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

CHINA AIRLINES, LTD.

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025		2024	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 29)	\$ 42,025,844	13	\$ 49,643,299	17
Financial assets at amortized cost - current (Notes 4, 8 and 29)	10,000	-	10,000	-
Financial assets for hedging - current (Notes 4, 6 and 29)	2,450	-	2,982,605	1
Notes and accounts receivable, net (Notes 4, 9 and 29)	9,326,847	3	10,082,879	3
Notes and accounts receivable - related parties (Notes 29 and 30)	288,190	-	267,372	-
Finance lease receivables - current (Notes 4, 19 and 29)	-	-	200,222	-
Other receivables (Notes 4 and 29)	593,193	-	776,942	-
Inventories (Notes 4 and 10)	10,976,486	4	12,006,521	4
Other current assets (Note 16)	<u>3,509,767</u>	<u>1</u>	<u>1,281,071</u>	<u>1</u>
Total current assets	<u>66,732,777</u>	<u>21</u>	<u>77,250,911</u>	<u>26</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 7 and 29)	56,616	-	71,460	-
Financial assets for hedging - non-current (Note 4 and 29)	3,236	-	6,227	-
Investments accounted for using the equity method (Notes 4 and 12)	17,517,657	5	16,197,219	6
Property, plant and equipment (Notes 4, 5, 13 and 31)	117,804,274	37	112,582,072	38
Right-of-use assets (Notes 4 and 19)	51,732,046	16	50,994,259	17
Investment properties (Notes 4 and 14)	2,047,448	1	2,047,448	1
Other intangible assets (Notes 4 and 15)	668,109	-	607,904	-
Deferred tax assets (Notes 4 and 26)	6,872,030	2	6,715,022	2
Other non-current assets (Notes 16, 19, 29 and 31)	<u>58,370,552</u>	<u>18</u>	<u>30,913,036</u>	<u>10</u>
Total non-current assets	<u>255,071,968</u>	<u>79</u>	<u>220,134,647</u>	<u>74</u>
TOTAL	<u>\$ 321,804,745</u>	<u>100</u>	<u>\$ 297,385,558</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities for hedging - current (Notes 4, 19 and 29)	\$ 8,721,795	3	\$ 9,659,385	3
Notes and accounts payable (Note 29)	884,410	-	1,371,135	-
Accounts payable - related parties (Note 30)	1,843,284	1	1,581,198	1
Other payables (Notes 20 and 25)	17,909,709	6	18,002,118	6
Current tax liabilities	2,060,679	1	1,921,489	1
Lease liabilities - current (Notes 4, 19 and 29)	2,353,574	1	1,457,772	-
Contract liabilities current (Notes 4 and 21)	26,515,791	8	25,772,773	9
Provisions - current (Notes 4 and 22)	3,633,090	1	1,497,724	1
Current portion of bonds payable and put option of convertible bonds (Notes 4, 18, 24 and 29)	1,632,809	-	1,650,000	1
Current portion of long-term borrowings (Notes 17, 29 and 31)	10,346,390	3	9,450,715	3
Other current liabilities	<u>4,557,040</u>	<u>1</u>	<u>4,296,882</u>	<u>1</u>
Total current liabilities	<u>80,458,571</u>	<u>25</u>	<u>76,661,191</u>	<u>26</u>
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 4, 19 and 29)	32,090,362	10	31,970,060	11
Bonds payable - non-current (Notes 4, 18, 24 and 29)	5,750,000	2	4,419,339	1
Long-term borrowings - non-current (Notes 17, 29 and 31)	64,731,682	20	53,893,164	18
Contract liabilities - non-current (Notes 4 and 21)	5,629,512	2	4,849,929	2
Provisions - non-current (Notes 4 and 22)	16,697,247	5	18,050,869	6
Deferred tax liabilities (Notes 4 and 26)	8,260	-	189,686	-
Lease liabilities - non-current (Notes 4, 19 and 29)	10,671,307	3	12,200,785	4
Net defined benefit liabilities - non-current (Notes 4, 5 and 23)	7,792,996	3	8,520,780	3
Other non-current liabilities	<u>391,016</u>	<u>-</u>	<u>629,124</u>	<u>-</u>
Total non-current liabilities	<u>143,762,382</u>	<u>45</u>	<u>134,723,736</u>	<u>45</u>
Total liabilities	<u>224,220,953</u>	<u>70</u>	<u>211,384,927</u>	<u>71</u>
EQUITY (Notes 18 and 24)				
Share capital	<u>60,853,733</u>	<u>19</u>	<u>60,769,350</u>	<u>20</u>
Capital surplus	<u>5,892,301</u>	<u>2</u>	<u>5,829,477</u>	<u>2</u>
Retained earnings				
Legal reserve	3,292,629	1	1,868,376	1
Special reserve	1,544,819	-	690,014	-
Unappropriated retained earnings	<u>26,261,106</u>	<u>8</u>	<u>18,419,108</u>	<u>6</u>
Total retained earnings	<u>31,098,554</u>	<u>9</u>	<u>20,977,498</u>	<u>7</u>
Other equity	<u>(229,921)</u>	<u>-</u>	<u>(1,544,819)</u>	<u>-</u>
Treasury shares	<u>(30,875)</u>	<u>-</u>	<u>(30,875)</u>	<u>-</u>
Total equity	<u>97,583,792</u>	<u>30</u>	<u>86,000,631</u>	<u>29</u>
TOTAL	<u>\$ 321,804,745</u>	<u>100</u>	<u>\$ 297,385,558</u>	<u>100</u>

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

(With Deloitte & Touche auditors' audit report dated March 11, 2026)

CHINA AIRLINES, LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 30)	\$ 178,953,945	100	\$ 175,182,455	100
OPERATING COSTS (Notes 4, 10, 25 and 30)	<u>150,638,099</u>	<u>84</u>	<u>149,899,348</u>	<u>86</u>
GROSS PROFIT	28,315,846	16	25,283,107	14
OPERATING EXPENSES (Notes 4, 25 and 30)	<u>12,851,441</u>	<u>7</u>	<u>12,502,997</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>15,464,405</u>	<u>9</u>	<u>12,780,110</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 25)	1,553,300	1	2,251,299	1
Other gains and losses (Notes 11, 13 and 25)	(454,693)	-	637,237	1
Finance costs (Notes 25 and 29)	(2,586,463)	(2)	(2,321,755)	(1)
Share of profit of subsidiaries and joint ventures (Note 12)	<u>3,562,468</u>	<u>2</u>	<u>3,740,009</u>	<u>2</u>
Total non-operating income and expenses	<u>2,074,612</u>	<u>1</u>	<u>4,306,790</u>	<u>3</u>
INCOME BEFORE INCOME TAX	17,539,017	10	17,086,900	10
INCOME TAX EXPENSE (Notes 4 and 26)	<u>2,838,698</u>	<u>2</u>	<u>2,703,555</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>14,700,319</u>	<u>8</u>	<u>14,383,345</u>	<u>8</u>
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, 24 and 29)	(298,133)	-	850,569	1
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 24)	(14,844)	-	10,757	-
Remeasurement of defined benefit plans (Notes 4 and 23)	314,541	-	5,393	-
Share of the other comprehensive income (loss) of subsidiaries and joint ventures accounted for using the equity method (Notes 4 and 24)	69,535	-	(121,109)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 26)	(72,618)	-	(7,973)	-

(Continued)

CHINA AIRLINES, LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	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 24)	\$ (62,639)	-	\$ 119,621	-
Share of the other comprehensive income of subsidiaries and joint ventures accounted for using the equity method (Notes 4 and 24)	1,222	-	6,662	-
Gain (loss) on hedging instruments not subject to basis adjustment (Notes 4, 24 and 29)	1,737,368	1	(1,928,353)	(1)
Income tax related to items that may be reclassified subsequently to profit or loss (Note 26)	<u>(334,946)</u>	<u>-</u>	<u>361,746</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,339,486</u>	<u>1</u>	<u>(702,687)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 16,039,805</u>	<u>9</u>	<u>\$ 13,680,658</u>	<u>8</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
Basic	<u>\$ 2.42</u>		<u>\$ 2.38</u>	
Diluted	<u>\$ 2.38</u>		<u>\$ 2.33</u>	

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

(With Deloitte & Touche auditors' audit report dated March 11, 2026)

(Concluded)

CHINA AIRLINES, LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

						Other Equity		Gain (Loss) on Hedging Instruments	Treasury Shares	Total Equity
	Share Capital	Capital Surplus	Retained 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				
			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
Basis adjustment to loss on hedging instruments	-	-	-	-	-	-	-	(292,936)	-	(292,936)
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)
Changes in capital surplus from dividends distributed to subsidiaries	-	1,431	-	-	-	-	-	-	-	1,431
Actual disposal of partial equity interest in subsidiaries	-	1,425,334	-	-	-	-	-	-	-	1,425,334
Changes in percentage of ownership interests in subsidiaries	-	285,416	-	-	-	-	-	-	-	285,416
Issuance of employee share options by the subsidiaries	-	43,216	-	-	-	-	-	-	-	43,216
Net income for the year ended December 31, 2024	-	-	-	-	14,383,345	-	-	-	-	14,383,345
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(140,818)</u>	<u>101,646</u>	<u>27,887</u>	<u>(691,402)</u>	<u>-</u>	<u>(702,687)</u>
Total comprehensive income (loss) for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,242,527</u>	<u>101,646</u>	<u>27,887</u>	<u>(691,402)</u>	<u>-</u>	<u>13,680,658</u>
Convertible bonds converted to ordinary shares	<u>255,943</u>	<u>187,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>442,977</u>
BALANCE ON DECEMBER 31, 2024	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
Basis adjustment to gain on hedging instruments	-	-	-	-	-	-	-	238,164	-	238,164
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)
Changes in capital surplus from dividends distributed to subsidiaries	-	1,651	-	-	-	-	-	-	-	1,651
Net income for the year ended December 31, 2025	-	-	-	-	14,700,319	-	-	-	-	14,700,319
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,752</u>	<u>(49,939)</u>	<u>33,861</u>	<u>1,092,812</u>	<u>-</u>	<u>1,339,486</u>
Total comprehensive income (loss) for the year ended December 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,963,071</u>	<u>(49,939)</u>	<u>33,861</u>	<u>1,092,812</u>	<u>-</u>	<u>16,039,805</u>
Convertible bonds converted to ordinary shares	<u>84,383</u>	<u>61,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,556</u>
BALANCE ON DECEMBER 31, 2025	<u>\$ 60,853,733</u>	<u>\$ 5,892,301</u>	<u>\$ 3,292,629</u>	<u>\$ 1,544,819</u>	<u>\$ 26,261,106</u>	<u>\$ 38,742</u>	<u>\$ 84,474</u>	<u>\$ (353,137)</u>	<u>\$ (30,875)</u>	<u>\$ 97,583,792</u>

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

(With Deloitte & Touche auditors’ audit report dated March 11, 2026)

CHINA AIRLINES, LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 17,539,017	\$ 17,086,900
Adjustments for:		
Depreciation expense	25,304,747	25,691,683
Amortization expense	141,813	169,120
Expected credit loss reversed on trade receivables	(73,668)	-
Interest income	(1,195,567)	(1,788,003)
Dividend income	(16,202)	(15,863)
Share of profit of subsidiaries and joint ventures	(3,562,468)	(3,740,009)
Gain on disposal of property, plant and equipment	(45,598)	(337,738)
Gain on disposal of non-current assets held for sale	-	(9,753)
Gain on disposal of investments	(4,628)	-
Reversal of impairment loss recognized on flight equipment	-	(189,430)
Loss on inventory and property, plant and equipment	1,883,288	2,339,868
Net (gain) loss on foreign currency exchange	(239,810)	270,336
Finance costs	2,586,463	2,321,755
Recognition of provisions	5,223,291	4,048,349
Others	423	(1,976)
Changes in operating assets and liabilities		
Notes and accounts receivable	873,567	(919,233)
Accounts receivable - related parties	(20,818)	(94,546)
Other receivables	(365,137)	(191,142)
Inventories	(601,375)	(3,585,033)
Other current assets	(1,747,185)	(313,980)
Notes and accounts payable	(415,617)	238,561
Accounts payable - related parties	262,086	283,248
Other payables	1,445,393	3,977,858
Contract liabilities	1,522,600	4,551,025
Provisions	(3,861,966)	(4,200,272)
Other current liabilities	261,224	202,566
Defined benefit liabilities	(413,243)	(77,959)
Other liabilities	(241,519)	-
Cash generated from operations	44,239,111	45,716,332
Interest received	1,380,180	1,729,204
Dividends received	2,264,301	261,939
Interest paid	(3,385,423)	(2,872,622)
Income tax paid	(3,445,505)	(997,248)
Net cash generated from operating activities	<u>41,052,664</u>	<u>43,837,605</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(278)
Purchase of financial assets at amortized cost	(20,000)	(7,010,236)
Proceeds from sale of financial assets at amortized cost	20,000	10,248,610

(Continued)

CHINA AIRLINES, LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Purchase of financial assets for hedging	\$ (7,894,600)	\$ (26,177,606)
Proceeds from sale of financial assets for hedging	10,578,513	34,352,036
Net cash generated from disposal of subsidiaries	10,150	-
Proceeds from disposal of non-current assets held for sale	-	5,866,122
Payments for property, plant and equipment	(4,057,935)	(4,133,499)
Proceeds from disposal of property, plant and equipment	774,632	364,345
Increase in refundable deposits	(175,262)	(236,581)
Decrease in refundable deposits	118,421	357,717
Decrease in finance lease receivables	198,363	300,888
Increase in prepayments for equipment	(44,998,091)	(18,519,144)
Increase in other intangible assets	(202,018)	(192,286)
(Increase) decrease in restricted assets	<u>(7,544)</u>	<u>12,738</u>
Net cash used in investing activities	<u>(45,655,371)</u>	<u>(4,767,174)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds payable	3,100,000	-
Repayments of bonds payable	(1,650,000)	(3,150,000)
Proceeds from long-term borrowings	21,200,000	23,500,000
Repayments of long-term borrowings	(9,465,807)	(17,908,326)
Repayments of the principal portion of lease liabilities	(10,760,024)	(11,114,241)
Proceeds of guarantee deposits received	127,323	204,159
Refund of guarantee deposits received	(106,441)	(141,842)
Payment of cash dividends	(4,842,015)	(4,176,580)
Partial disposal of interests in subsidiaries without a loss of control	<u>-</u>	<u>1,958,844</u>
Net cash used in financing activities	<u>(2,396,964)</u>	<u>(10,827,986)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(617,784)</u>	<u>1,015,186</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,617,455)	29,257,631
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>49,643,299</u>	<u>20,385,668</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 42,025,844</u>	<u>\$ 49,643,299</u>

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

(With Deloitte & Touche auditors' audit report dated March 11, 2026)

(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, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, 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, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

International Passenger Revenue Recognition

In accordance with IFRS 15 "Revenue from Contracts with Customers", passenger sales are accounted for as contract liabilities before relevant transportation services are provided. After providing the related services, contract liabilities are reclassified to passenger revenue. Refer to Notes 4 and 27 of the accompanying consolidated financial statements for related detailed information.

Since relevant sales can only be recognized after passengers have boarded the aircraft and unused tickets are subsequently reclassified as international passenger fare revenue, the revenue recognition process involves complex workflows. There is a risk that revenue may be recognized before performance obligations are fully satisfied. Accordingly, we identified international 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 international passenger, including manual and automatic controls.
2. We understood and tested the effectiveness of the information system related to the recognition of international passenger revenue.
3. We sampled several flight tickets, which were used and recognized as revenue, to verify whether the boarding date matched the date recorded on the tickets, from advanced sales of tickets, ensuring the occurrence of revenue recognition.

Other Matter

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

As of December 31, 2025, and 2024, total assets of these subsidiaries amounted to NT\$25,787,251 thousand and NT\$22,375,107 thousand, representing 7.27% and 6.83% of the consolidated total assets, respectively. For the years ended December 31, 2025, and 2024, revenue from these subsidiaries amounted to NT\$16,898,827 thousand and NT\$16,423,023 thousand, representing 8.08% and 8.06% 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, 2025, and 2024, 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, 2025, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2026

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, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 31)	\$ 57,551,666	16	\$ 66,648,640	20
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	221,180	-	196,217	-
Financial assets at amortized cost - current (Notes 4, 9 and 31)	1,953,712	1	1,494,790	1
Financial assets for hedging - current (Notes 4, 6 and 31)	2,610	-	2,982,605	1
Notes and accounts receivable, net (Notes 4, 10 and 31)	10,579,101	3	11,087,366	3
Notes and accounts receivable - related parties (Notes 31 and 32)	5,480	-	6,222	-
Finance lease receivables - current (Notes 4, 21 and 31)	-	-	200,222	-
Other receivables (Notes 4 and 31)	887,723	-	1,136,627	-
Current tax assets (Notes 4 and 28)	69,370	-	58,597	-
Inventories (Notes 4 and 11)	11,399,887	3	12,299,321	4
Other current assets (Note 18)	<u>4,231,528</u>	<u>1</u>	<u>1,696,275</u>	<u>1</u>
Total current assets	<u>86,902,257</u>	<u>24</u>	<u>97,806,882</u>	<u>30</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 31)	187,727	-	140,886	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 31)	206,906	-	220,761	-
Financial assets for hedging - non-current (Notes 4 and 31)	3,236	-	6,227	-
Investments accounted for using the equity method (Notes 4 and 14)	3,094,871	1	2,287,153	1
Property, plant and equipment (Notes 4, 5, 15 and 33)	133,115,153	38	125,987,963	39
Right-of-use assets (Notes 4 and 21)	58,848,653	17	56,972,986	17
Investment properties (Notes 4 and 16)	2,071,331	1	2,071,558	1
Other intangible assets (Notes 4 and 17)	866,123	-	784,799	-
Deferred tax assets (Notes 4 and 28)	7,844,238	2	7,881,513	2
Other non-current assets (Notes 18, 21, 25, 31 and 33)	<u>61,683,422</u>	<u>17</u>	<u>33,222,810</u>	<u>10</u>
Total non-current assets	<u>267,921,660</u>	<u>76</u>	<u>229,576,656</u>	<u>70</u>
TOTAL	<u>\$ 354,823,917</u>	<u>100</u>	<u>\$ 327,383,538</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities for hedging - current (Notes 4, 21 and 31)	\$ 8,721,795	3	\$ 9,661,129	3
Notes and accounts payable (Note 31)	1,152,074	-	1,654,189	-
Accounts payable - related parties (Notes 31 and 32)	1,000,200	-	811,189	-
Other payables (Notes 22 and 31)	22,390,548	6	21,450,141	7
Current tax liabilities (Notes 4 and 28)	2,760,164	1	2,004,112	1
Lease liabilities - current (Notes 4, 21 and 31)	4,388,443	1	3,643,176	1
Contract liabilities - current (Notes 4 and 23)	31,294,677	9	29,651,212	9
Provisions - current (Notes 4 and 24)	4,419,650	1	1,679,375	-
Current portion of bonds payable and put option of convertible bonds (Notes 4, 20, 26 and 31)	1,632,809	1	1,650,000	-
Current portion of long-term borrowings (Notes 19, 31 and 33)	11,913,918	3	11,965,545	4
Other current liabilities (Note 31)	<u>5,768,377</u>	<u>2</u>	<u>5,313,941</u>	<u>2</u>
Total current liabilities	<u>95,442,655</u>	<u>27</u>	<u>89,484,009</u>	<u>27</u>
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 4, 21 and 31)	32,090,362	9	31,970,060	10
Bonds payable - non-current (Notes 4, 20, 26 and 31)	5,750,000	2	4,419,339	1
Long-term borrowings - non-current (Notes 19, 31 and 33)	69,635,583	20	59,031,048	18
Contract liabilities - non-current (Notes 4 and 23)	5,629,543	1	4,849,929	2
Provisions - non-current (Notes 4 and 24)	17,910,328	5	19,236,966	6
Deferred tax liabilities (Notes 4 and 28)	181,896	-	360,973	-
Lease liabilities - non-current (Notes 4, 21 and 31)	16,316,333	5	16,822,260	5
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	8,666,120	2	9,819,692	3
Other non-current liabilities (Note 31)	<u>660,879</u>	<u>-</u>	<u>840,405</u>	<u>-</u>
Total non-current liabilities	<u>156,841,044</u>	<u>44</u>	<u>147,350,672</u>	<u>45</u>
Total liabilities	<u>252,283,699</u>	<u>71</u>	<u>236,834,681</u>	<u>72</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 20 and 26)				
Share capital	<u>60,853,733</u>	<u>17</u>	<u>60,769,350</u>	<u>19</u>
Capital surplus	<u>5,892,301</u>	<u>2</u>	<u>5,829,477</u>	<u>2</u>
Retained earnings				
Legal reserve	3,292,629	1	1,868,376	-
Special reserve	1,544,819	1	690,014	-
Unappropriated retained earnings	<u>26,261,106</u>	<u>7</u>	<u>18,419,108</u>	<u>6</u>
Total retained earnings	<u>31,098,554</u>	<u>9</u>	<u>20,977,498</u>	<u>6</u>
Other equity	<u>(229,921)</u>	<u>-</u>	<u>(1,544,819)</u>	<u>(1)</u>
Treasury shares	<u>(30,875)</u>	<u>-</u>	<u>(30,875)</u>	<u>-</u>
Total equity attributable to owners of the Company	97,583,792	28	86,000,631	26
NON-CONTROLLING INTERESTS (Note 26)	<u>4,956,426</u>	<u>1</u>	<u>4,548,226</u>	<u>2</u>
Total equity	<u>102,540,218</u>	<u>29</u>	<u>90,548,857</u>	<u>28</u>
TOTAL	<u>\$ 354,823,917</u>	<u>100</u>	<u>\$ 327,383,538</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2026)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 32)	\$ 209,138,766	100	\$ 203,879,338	100
OPERATING COSTS (Notes 4, 10, 11, 17, 24, 25, 27 and 32)	<u>171,912,250</u>	<u>82</u>	<u>169,719,034</u>	<u>83</u>
GROSS PROFIT	37,226,516	18	34,160,304	17
OPERATING EXPENSES (Notes 4, 25, 27 and 32)	<u>16,390,298</u>	<u>8</u>	<u>15,957,957</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>20,836,218</u>	<u>10</u>	<u>18,202,347</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 8 and 27)	2,158,847	1	2,757,543	2
Other gains and losses (Notes 12, 14, 15, 27 and 31)	(785,830)	-	408,643	-
Finance costs (Notes 27 and 31)	(3,037,042)	(1)	(2,755,707)	(1)
Share of the profit of associates and joint ventures (Note 14)	<u>886,417</u>	<u>-</u>	<u>663,236</u>	<u>-</u>
Total non-operating income and expenses	<u>(777,608)</u>	<u>-</u>	<u>1,073,715</u>	<u>1</u>
INCOME BEFORE INCOME TAX	20,058,610	10	19,276,062	10
INCOME TAX EXPENSE (Notes 4 and 28)	<u>3,885,138</u>	<u>2</u>	<u>3,780,874</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>16,173,472</u>	<u>8</u>	<u>15,495,188</u>	<u>8</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)	(298,133)	-	850,569	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 26)	43,571	-	34,781	-
Remeasurement of defined benefit plans (Notes 4 and 25)	331,839	-	(385,256)	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	(2,569)	-	14,777	-
Income tax relating related to items that will not be reclassified subsequently to profit or loss (Note 28)	<u>(75,509)</u>	<u>-</u>	<u>67,286</u>	<u>-</u>
	<u>(801)</u>	<u>-</u>	<u>582,157</u>	<u>-</u>

(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	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)	\$ (62,195)	-	\$ 134,989	-
(Loss) gain on hedging instruments not subject to basis adjustment (Notes 4, 26 and 31)	1,739,272	-	(1,927,377)	(1)
Income tax relating related to items that may be reclassified subsequently to profit or loss (Note 28)	(335,416)	-	358,478	-
	<u>1,341,661</u>	<u>-</u>	<u>(1,433,910)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>1,340,860</u>	<u>-</u>	<u>(851,753)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 17,514,332</u>	<u>8</u>	<u>\$ 14,643,435</u>	<u>7</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 14,700,319	7	\$ 14,383,345	7
Non-controlling interests	<u>1,473,153</u>	<u>1</u>	<u>1,111,843</u>	<u>1</u>
	<u>\$ 16,173,472</u>	<u>8</u>	<u>\$ 15,495,188</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 16,039,805	7	\$ 13,680,658	7
Non-controlling interests	<u>1,474,527</u>	<u>1</u>	<u>962,777</u>	-
	<u>\$ 17,514,332</u>	<u>8</u>	<u>\$ 14,643,435</u>	<u>7</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 29)				
Basic	<u>\$ 2.42</u>		<u>\$ 2.38</u>	
Diluted	<u>\$ 2.38</u>		<u>\$ 2.33</u>	

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

(With Deloitte & Touche auditors' report dated March 11, 2026)

(Concluded)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
						Other Equity						
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Asset at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Treasury Shares Held by Subsidiaries	Total	Non-controlling Interests	Total Equity
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	-	-	-	-	-	-	-	(292,936)	-	(292,936)	-	(292,936)
Appropriation of 2023 earnings												
Legal reserve	-	-	637,399	-	(637,399)	-	-	-	-	-	-	-
Special reserve	-	-	-	155,639	(155,639)	-	-	-	-	-	-	-
Cash dividends - \$0.69016808 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
Actual disposal of partial equity interest in subsidiaries	-	1,425,334	-	-	-	-	-	-	-	1,425,334	533,510	1,958,844
Changes in percentage of ownership interests in subsidiaries	-	285,416	-	-	-	-	-	-	-	285,416	293,054	578,470
Issuance of employee share options by the subsidiaries	-	43,216	-	-	-	-	-	-	-	43,216	17,998	61,214
Net income for the year ended December 31, 2024	-	-	-	-	14,383,345	-	-	-	-	14,383,345	1,111,843	15,495,188
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	(140,818)	101,646	27,887	(691,402)	-	(702,687)	(149,066)	(851,753)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	14,242,527	101,646	27,887	(691,402)	-	13,680,658	962,777	14,643,435
Convertible bonds converted to ordinary shares	255,943	187,034	-	-	-	-	-	-	-	442,977	-	442,977
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(146,868)	(146,868)
BALANCE ON DECEMBER 31, 2024	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	-	-	-	-	-	-	-	238,164	-	238,164	-	238,164
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
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(16,573)	(16,573)
Net income for the year ended December 31, 2025	-	-	-	-	14,700,319	-	-	-	-	14,700,319	1,473,153	16,173,472
Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax	-	-	-	-	262,752	(49,939)	33,861	1,092,812	-	1,339,486	1,374	1,340,860
Total comprehensive income (loss) for the year ended December 31, 2025	-	-	-	-	14,963,071	(49,939)	33,861	1,092,812	-	16,039,805	1,474,527	17,514,332
Convertible bonds converted to ordinary shares	84,383	61,173	-	-	-	-	-	-	-	145,556	-	145,556
Cash dividends distributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,049,754)	(1,049,754)
BALANCE ON DECEMBER 31, 2025	<u>\$ 60,853,733</u>	<u>\$ 5,892,301</u>	<u>\$ 3,292,629</u>	<u>\$ 1,544,819</u>	<u>\$ 26,261,106</u>	<u>\$ 38,742</u>	<u>\$ 84,474</u>	<u>\$ (353,137)</u>	<u>\$ (30,875)</u>	<u>\$ 97,583,792</u>	<u>\$ 4,956,426</u>	<u>\$ 102,540,218</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2026)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 20,058,610	\$ 19,276,062
Adjustments for:		
Depreciation expense	29,114,452	29,260,293
Amortization expense	186,771	210,221
Expected credit (reversal gain) loss recognized on trade receivables	(73,610)	32
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(3,108)	(2,421)
Finance costs	3,037,042	2,755,707
Interest income	(1,732,812)	(2,231,421)
Dividend income	(21,473)	(18,717)
Compensation costs of employee share options	-	61,214
Share of profit of associates and joint ventures	(886,417)	(663,236)
Gain on disposal of property, plant and equipment	(40,539)	(391,002)
Gain on disposal of non-current assets held for sale	-	(9,753)
(Gain) loss on disposal of investments	(4,628)	29
Impairment reversal gain recognized on flight equipment and other equipment	-	(124,021)
Loss on inventories and property, plant and equipment	1,883,802	2,301,995
Net (gain) loss on foreign currency exchange	(265,884)	395,899
Recognition of provisions	6,161,778	4,785,011
Others	(173)	(3,470)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(21,855)	(7,236)
Notes and accounts receivable	614,097	(944,846)
Accounts receivable - related parties	(123,809)	(300,458)
Other receivables	(209,695)	(224,689)
Inventories	(700,513)	(3,589,290)
Other current assets	(2,059,258)	(98,263)
Notes and accounts payable	(191,477)	265,987
Accounts payable - related parties	244,756	439,405
Other payables	2,293,168	4,572,455
Contract liabilities	2,443,743	5,062,828
Provisions	(4,114,782)	(4,333,478)
Other current liabilities	389,034	271,125
Defined benefit liabilities	(838,256)	(276,092)
Other liabilities	(241,792)	(3,034)
Cash generated from operations	54,897,172	56,436,836
Interest received	1,920,871	2,169,205
Dividends received	98,577	101,874
Interest paid	(3,836,408)	(3,305,697)
Income tax paid	(3,694,939)	(1,118,803)
Net cash generated from operating activities	49,385,273	54,283,415

(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	\$ (716,382)	\$ (8,541,431)
Proceeds from sale of financial assets at amortized cost	277,155	11,324,072
Acquisition of financial assets at fair value through other comprehensive income	-	(278)
Purchase of financial assets for hedging	(7,894,600)	(26,177,606)
Proceeds from sale of financial assets for hedging	10,578,513	34,352,036
Cash generated from disposal of investments accounted for using equity method	9,632	7,601
Proceeds from disposal of non-current assets held for sale	-	5,866,122
Payments for property, plant and equipment	(6,197,341)	(4,584,954)
Proceeds from disposal of property, plant and equipment	780,186	424,263
Increase in refundable deposits	(361,185)	(326,625)
Decrease in refundable deposits	278,135	413,454
Decrease in finance lease receivable	198,363	300,888
Increase in prepayments for equipment	(47,519,174)	(20,253,229)
Increase in other prepayments	(22,428)	-
Increase in other intangible assets	(269,314)	(204,657)
Decrease in restricted assets	<u>33,125</u>	<u>134,500</u>
Net cash used in investing activities	<u>(50,825,315)</u>	<u>(7,265,844)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	-	(35,000)
Decrease in short-term bill payable	-	(20,000)
Proceeds from issuance of bonds payable	3,100,000	-
Repayments of bonds payable	(1,650,000)	(3,150,000)
Proceeds from long-term borrowings	24,048,406	28,492,881
Repayments of long-term borrowings	(13,495,499)	(22,643,645)
Repayments of the principal portion of lease liabilities	(12,984,341)	(13,102,425)
Proceeds from guarantee deposits received	226,132	279,999
Refund of guarantee deposits received	(163,340)	(165,817)
Proceeds from issuance of ordinary shares of subsidiaries to non-controlling interests	-	578,470
Payment of cash dividends	(4,840,364)	(4,175,149)
Dividends paid to non-controlling interests	(1,049,754)	(146,868)
Partial disposal of interests in subsidiaries without a loss of control	-	1,958,844
Net cash used in financing activities	<u>(6,808,760)</u>	<u>(12,128,710)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(848,172)</u>	<u>1,368,215</u>
		(Continued)

CHINA AIRLINES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (9,096,974)	\$ 36,257,076
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>66,648,640</u>	<u>30,391,564</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 57,551,666</u>	<u>\$ 66,648,640</u>

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

(With Deloitte & Touche auditors' report dated March 11, 2026)

(Concluded)

Item 2 (Proposed by the Board of Directors)

Cause of action: Acknowledgement of 2025 Surplus Distribution

Details: The Company's 2025 Surplus Distribution Statement was approved by the 8th Extraordinary Meeting of the 23rd Board of Directors and has been reviewed and completed by the Audit Committee. Please refer to page 46 of this Meeting Handbook for details.

Resolution:

China Airlines Ltd.
Distribution of 2025 Surplus Distribution

Unit: NT\$

Items	Total
Unappropriated retained earnings (beginning balance)	\$ 11,298,035,141
Add: 2025 Net income after tax	14,700,319,019
Add: Remeasurement of confirmed benefit plans	251,632,624
Add: Changes in associates accounted for using the equity method	<u>11,120,090</u>
Subtotal	\$26,261,106,874
Less: Appropriation of 10% Legal Reserve	(1,496,307,173)
Add: Appropriation of special reserve	<u>1,314,898,667</u>
Retained Earnings Available for Distribution as of December 31, 2025	\$26,079,698,368
Distribution Item:	
Cash Dividends to Common Shareholders (NT\$0.82 per share)	<u>(5,004,833,999)</u>
Unappropriated retained earnings (Ending Balance)	<u>\$21,074,864,369</u>

Note1: The surplus distribution for the current year shall prioritize the allocation of earnings from Fiscal Year 2025.

Note2: If the number of outstanding shares changes in the future and this affects the dividend per share, the Chairman is authorized to adjust it accordingly.

Note3: Cash dividends shall be paid in NTD (with amounts below NT\$1 rounded down), and the total of the remaining fractional amounts will be recorded as the Company's other income.

Chairman: KAO, SHING-HWANG

Manager: CHEN, HAN-MING

Accounting Supervisor: YEN, YANG

Matters for Discussion

Item 1 (Proposed by the Board of Directors)

Cause of action: Amendments to the "Procedures Governing the Acquisition and Disposal of Assets".

Details:

1. The amendments were made in accordance with the revisions to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the Financial Supervisory Commission and as deemed necessary by the Company.
2. For the amended and original Articles of Incorporation, please refer to page 48 to 50 of this handbook.
3. This item was approved at the 8th Session of the 23rd Board Meeting.

Resolution:

China Airlines Ltd.

Procedures Governing the Acquisition and Disposal of Assets Comparison Table

Revised Provisions	Current Provisions	Revision Notes
Article 9 : Related party transactions: 1-11 (omitted) 12. The Company, upon authorization by the Board of Directors, authorizes the Chairman to approve <u>the acquisition or disposal of right-of-use assets of real property for business use</u> between the Company and its subsidiaries within a limit of <u>NT\$500 million</u> , with subsequent ratification by the next Board meeting.	Article 9 : Related party transactions: 1-11. (omitted) 12. The company and its subsidiaries, <u>or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital</u> , are engaged in <u>the following transactions</u> . The board of directors may authorize the chairman of the board to make decisions within <u>a certain amount</u> , and then report to the most recent board of directors for ratification; <u>(1). Acquiring or disposing of equipment or right-of-use assets for business use.</u> <u>(2). Acquiring or disposing of real estate right-of-use assets for business use.</u>	1. The Company has incorporated into this Article the authorization granted at the 8th meeting of the 21st Board of Directors, whereby the Chairman is authorized to approve the leasing of real property from subsidiaries within a limit of NT\$500 million. 2. As each subsidiary is required to amend and comply with its own Procedures for Acquisition or Disposal of Assets in accordance with applicable regulations, the provisions governing transactions among subsidiaries have been deleted from this Article.
Article 11 : Announcements, reporting, and disclosure of material information: 1. Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated information reporting website of the securities authority using the specified format based on the nature of the transaction: (1)-(3).	Article 11 : Announcements, reporting, and disclosure of material information: 1. Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated information reporting website of the securities authority using the specified format based on the nature of the transaction: (1)-(3).	This amendment is made in accordance with the instructions issued by the Financial Supervisory Commission, revising Article 31 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, and updates the standards for public announcement and reporting accordingly.

Revised Provisions	Current Provisions	Revision Notes
(omitted) (4) The acquisition or disposal of equipment for business use, or the related right-of-use assets, where the counterparty is not a related party and the transaction amount equals or exceeds <u>5%</u> of the Company's paid-in capital. (5). (omitted) (6) <u>The purchase or sale of government bonds, straight corporate bonds, and non-equity financial bonds (excluding subordinated bonds) on a securities exchange or through a securities firm, where the counterparty is not a related party, the transaction does not fall under the proviso to Subparagraph 7, and the transaction amount equals or exceeds 5% of the Company's paid-in capital.</u> (7) Where an asset transaction other than any of those referred to in (1) to (6) of this article, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20% or more of paid-in capital or NT\$300 million or more; provided that this shall not apply to the following circumstances: 1. Trading of domestic government bonds or foreign public bonds with a credit rating not lower than my country's sovereign rating.	(omitted) (4) Where equipment or its right-of- use assets for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount exceeds <u>NT\$1 billion</u>. (5). (omitted) (6) Where an asset transaction other than any of those referred to in (1) to (5) of this article, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20% or more of paid-in capital or NT\$300 million or more; provided that this shall not apply to the following circumstances: 1. Trading of domestic government bonds or foreign public bonds with a credit rating not lower than my country's sovereign rating. 2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2-6. (omitted)	

Revised Provisions	Current Provisions	Revision Notes
2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2-6. (omitted)		
Article 14 : The Procedures Governing the Acquisition and Disposal of Assets were adopted on May 18, 1991, and the 12th revision was <u>made on May 27, 2026</u> . Other matters not stipulated in these Procedures shall be conducted in accordance with all relevant laws and regulations.	Article 14 : These Procedures were adopted on May 18, 1991, and the 11th revision was made on <u>May 26, 2022</u> . Other matters not stipulated in these Procedures shall be conducted in accordance with all relevant laws and regulations.	

Item 2 (Proposed by the Board of Directors)

Cause of action: Amendments to the "Operational Procedures for Derivatives Trading".

Details:

1. In line with the resolution adopted at the 5th meeting of the 23rd Board of Directors, which approved the renaming of the "Risk Committee" as the "Sustainability and Risk Committee" and the adjustment of the Chinese titles of the heads of the Company's first-tier departments, certain provisions of the *Operational Procedures for Derivatives Trading* are hereby amended accordingly.
2. Please refer to pages 52 to 53 of this meeting handbook for the comparison table of the provisions before and after amendment.
3. This proposal was approved by resolution of the 7th meeting of the 23rd Board of Directors.

Resolution:

China Airlines Ltd.

Operational Procedures for Derivatives Trading Comparison Table

Revised Provisions	Current Provisions	Revision Notes
Article 2 : Transaction Principles and Guidelines 1.-2. (omitted) 3. Division of Responsibilities (1) <u>Sustainability & Risk Management Committee</u> Drafting a hedging strategy, response measures, and resolutions regarding derivative trading limits.	Article 2 : Transaction Principles and Guidelines 1.-2. (omitted) 3. Division of Responsibilities (1) <u>Risk Management Committee</u> Drafting a hedging strategy, response measures, and resolutions regarding derivative trading limits.	Amendment to the name of the Sustainability and Risk Committee
Article 3 : Operational Procedures 1. Authorized amount: Any individual derivative transaction may only be conducted after approval and execution by the President. However, forward exchange, FX options, cross currency swaps, interest rate swaps, and fuel hedging transactions are performed to hedge against operational risk. Because circumstances can change rapidly and to ensure proper flexibility, the President may authorize the Vice President of Finance to conduct transactions of the derivative products listed in the previous sentence within the amount limits set by the <u>Sustainability & Risk Management Committee</u> and shall sign and report as required by the Procedures. 2.-4. (omitted) 5. The Company shall establish a logbook for its derivative transactions for audit purposes, which shall contain details about the type and amount of the derivative transaction and	Article 3 : Operational Procedures 1. Authorized amount: Any individual derivative transaction may only be conducted after approval and execution by the President. However, forward exchange, FX options, cross currency swaps, interest rate swaps, and fuel hedging transactions are performed to hedge against operational risk. Because circumstances can change rapidly and to ensure proper flexibility, the President may authorize the Vice President of Finance to conduct transactions of the derivative products listed in the previous sentence within the amount limits set by the <u>Risk Management Committee</u> and shall sign and report as required by the Procedures. 2.-4. (omitted) 5. The Company shall establish a logbook for its derivative transactions for audit purposes, which shall contain details about the type and amount of the derivative transaction and	1. Amendment to the standardized title of Finance Division management 2. Amendment to the Clause Wording of provisions

Revised Provisions	Current Provisions	Revision Notes
the date it was resolved by the Board of Directors. The logbook shall also include the "other items to be evaluated" prescribed in the <u>fourth subparagraph, Article 2</u> and Article 8.	the date it was resolved by the Board of Directors. The logbook shall also include the "other items to be evaluated" prescribed in the <u>fourth subparagraph, first paragraph, Article 2</u> and Article 8.	
Article 11 : These Procedures were adopted on September 13, 1996, and <u>the 11th</u> revision was made <u>on May 27, 2026</u> . Other matters not stipulated in these Procedures shall be conducted in accordance with all relevant laws and regulations.	Article 11 : These Procedures were adopted on September 13, 1996, and <u>the 10th</u> revision was made <u>on June 25, 2019</u> . Other matters not stipulated in these Procedures shall be conducted in accordance with all relevant laws and regulations.	Amendment to the dates of revision

Item 3 (Proposed by the Board of Directors)

Cause of action: Proposal to lift the Restriction of Non-competition Prohibition Imposed on the 23rd term of Directors of the company.

Details:

1. Pursuant to Article 209 of the Company Act, a director who engages, either for themselves or on behalf of others, in activities that fall within the scope of the Company's business, shall disclose the material aspects of such activities to the shareholders' meeting and obtain its approval. Subject to the condition that the Company's interests are not adversely affected, approval is hereby sought from the Annual Shareholders' Meeting to lift the non-competition restrictions on the concurrent positions held by the following directors of the 23rd Board of Directors.
2. This proposal was approved at the 10th meeting of the 23rd Board of Directors.

China Airlines Ltd.

Details of Positions Concurrently Held by 23rd Directors

Name of Director	Positions Held
China Aviation Development Foundation's Representative: CHEN, TA-CHUN	Chairman of Mandarin Airlines Co., Ltd.
China Aviation Development Foundation's Representative: HUANG, SHIH-HUI	Chairman of Tigerair Taiwan Co., Ltd.

Resolution:

Questions and Motions

Appendices

Appendix 1

CHINA AIRLINES LTD.

ARTICLES OF INCORPORATION

This Article was created on August 15, 1959

Amended and approved by the Shareholders' Meeting undergone 72 amendments on June 25, 2019

Amended and approved by the Shareholders' Meeting undergone 73 amendments on June 23, 2020

Amended and approved by the Shareholders' Meeting undergone 74 amendments on May 26, 2022

Amended and approved by the Shareholders' Meeting undergone 75 amendments on May 30, 2024

Amended and approved by the Shareholders' Meeting undergone 76 amendments on May 28, 2025

Chapter I General Provisions

Article 1

The Company shall be organized in accordance with the provisions of the Company Act relating to companies limited by shares and shall be named “中華航空股份有限公司”. Its English name shall be “CHINA AIRLINES LTD.”.

Article 2

The Company's operations fall under the following categories of businesses:

1. G501011 Civil Aviation Transport
2. G501020 Civil Aviation Agency
3. G502011 Aviation
4. G602011 Airport Ground Services
5. G605011 Sky Catering
6. G801010 Warehousing & Storage
7. F114070 Aircraft & Parts Wholesaling
8. F214070 Aircraft & Parts Retailing
9. I301010 Software Design Services
10. I301020 Data Processing Services
11. I301030 Digital Information Supply Services
12. J201051 Civilian Aviation Personnel Training
13. JA01010 Automotive Repair & Maintenance
14. JA02990 Other Repair Shops
15. ZZ99999 All businesses that are not prohibited or restricted by law, except those subject to special approval.

Article 2-1

The Company may, in accordance with its business requirements, act externally as a guarantor and make re-investments. Where it is a limited-liability shareholder of another company, the total amount of its re-investment is not subject to the restriction on the re-investment amount as prescribed under Article 13 of the Company Act.

Article 2-2

(Deleted)

Article 3

The Company's head office is located in Taoyuan City (Taiwan, R.O.C.), and branch offices or sales offices

may be set up inside and outside of the country when necessary upon a resolution for the Board of Directors.

Article 4

(Deleted)

Chapter II Shares

Article 5

The aggregate capital of the Company shall be Seventy Billion New Taiwan Dollars (NT\$70,000,000,000), divided into Seven Billion (7,000,000,000) common shares at Ten New Taiwan Dollars (NT\$10) per share. The un-issued shares may be issued several times by the Board of Directors in accordance with the Company's business requirements.

Article 6

Share certificates issued by the Company are not required to be printed. The Company, however, shall register the issued shares with a centralized securities depository enterprise.

With respect to the new shares issued in accordance with the provision of the preceding paragraph, the consolidated printed share certificate shall be placed under the custody of, and the recordation of the issue for shares exempted from printing share certificate shall be made by the centralized securities custody institution, or the new-issued shares may be consolidated with other already issued shares into larger-denomination share certificates in accordance with the request of the centralized securities custody institution.

Article 7

(Deleted)

Article 8

The Company's stock matters shall be governed by the relevant regulations of the competent authority.

Article 9

Registration of a share assignment shall not be made within sixty (60) days prior to the convening date of a regular shareholders' meeting, within thirty (30) days prior to a convening date of a special shareholders' meeting, or within five (5) days prior to the record date fixed by the Company for distribution of dividends, bonuses, or other benefits.

Chapter III Shareholders' Meetings

Article 10

The Company's shareholders' meetings are of two kinds: regular shareholders' meeting and special shareholders' meeting. A regular shareholders' meeting shall be convened once a year within six (6) months after the close of the fiscal year. A special shareholders' meeting shall be convened when necessary in accordance with the relevant laws and decrees.

Article 10-1

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

The company holds a video conference of the shareholders' meeting, which shall be handled in

accordance with the relevant laws and regulations and the company's rules of procedure for the shareholders' meeting.

Article 11

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

Article 12

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

Article 13

If a shareholder is unable to attend a shareholders' meeting for some reason, he can appoint a proxy to attend the meeting on his behalf by executing a power of attorney provided by the Company specifying therein the scope of the power authorized to a proxy.

Other than a trust enterprise or a stock agency approved by the competent authority, the voting right represented by a proxy appointed concurrently by two or more shareholders shall not exceed three percent (3%) of the total number of voting shares of all the outstanding shares; any voting right in excess thereof does not count.

Unless stated otherwise in the Company Act, the rules governing the appointment of proxies to attend a shareholders' meeting are in accordance with the "Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority.

Article 14

A shareholders' meeting convened by the Board of Directors will be presided over by the Chairman of the Board of Directors. When the Chairman is on leave or absent or is unable to exercise his power and authority for any reason, he shall designate a director to represent him; where he has not designated a representative, the directors shall elect a representative from among themselves to act as the chairman of the meeting. Where a shareholders' meeting is convened by any person with convening power other than the Board of Directors, such a person shall be the chairman of the meeting. When two or more persons are having convening powers, one is elected from among them to act as the chairman of the meeting.

Article 15

Resolutions adopted at a shareholders' meeting shall be recorded in meeting minutes signed by or affixed with the seal of the chairman of the meeting, which shall be kept perpetually throughout the existence of the Company.

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

Chapter IV Directors and Managers

Article 16

The Company shall have 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.

Article 16-1

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.

The election of the directors of the Company shall be held in accordance with the candidate nomination system. The election of directors shall be held in accordance with the Company Act and other applicable laws and regulations; the independent directors, independent directors undertaking public welfare, and non-independent directors shall be elected at the same time but in separately calculated numbers elect, and candidates to whom the ballots cast represent a prevailing number of votes shall be elected as independent directors, independent directors undertaking public welfare, and non-independent directors.

The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination and election, exercise of power, and other matters for compliance with respect to independent directors shall be governed by and construed in accordance with the Securities and Exchange Act and the provisions of the relevant laws and decrees; those of independent directors undertaking public welfare shall be governed by the Regulations Governing Compliance Matters for Civil Air Transport Enterprise to Appoint Independent Directors Undertaking Public Welfare.

Article 16-2

The audit committee of the Company is formed by all independent directors in accordance with Article 14-4 of the Securities and Exchange Act. Governing powers exercised by the audit committee and its members, and related businesses thereof, shall be governed by and construed in accordance with the Securities and Exchange Act and the provisions of the relevant laws and decrees.

Article 17

The term of office for directors is 3 years, and they may be re-elected for 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".

Article 18

The directors shall organize a Board of Directors to exercise the power and authority of the directors, and the Chairman of the Board of Directors shall be elected from among the directors by a majority vote at a meeting attended by at least two-thirds of the directors, and the Chairman shall represent the Company externally.

The Board of Directors shall be authorized to prescribe the remuneration for the Chairman according to the extent of the Chairman's participation in the operation of the Company, in reference to the regulations relating to remuneration for managers of the Company.

Article 19

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

A board meeting shall be presided over by the Chairman of the Board of Directors. When the Chairman is on leave or is absent or is unable to exercise his power and authority for any reason, he shall designate a director to represent him; where he has not designated a representative, the directors shall elect a

representative from among themselves to represent him.

Article 19-1

If a board meeting is held in the form of a video conference, it is presumed that the directors participating in it are deemed to have attended the meeting in person.

If a director is unable to attend a board meeting for any reason, he may appoint a proxy specifying therein the purpose for convening the meeting and the scope of authorization to appoint another director to represent him at the meeting, provided only one person's appointment is considered as representative.

Article 20

Unless otherwise provided by the Company Act, a resolution of the Board of Directors shall be adopted by a majority vote of the directors present at a board meeting and attended by a majority of the directors.

Article 21

(Deleted)

Article 22

The Company shall have one president and several senior vice presidents whose appointment, dismissal and remuneration shall be governed by Article 29 of the Company Act.

Article 23

The Company may, in accordance with its business requirement, invite several consultants, senior consultants and special consultants, who shall be appointed by the Chairman.

Chapter V Accounting

Article 24

After the close of each fiscal year, the Board of Directors shall prepare the following statements and reports, and submit them at the regular shareholders' meeting for information:

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

Article 25

When the Company is profitable for the year, it shall appropriate no less than 3% as employee compensation. Of the actual allocation for the year, at least 30% shall be distributed to entry-level employees. However, if the Company still has accumulated losses, an amount shall be reserved in advance for making up the losses.

The employee compensation mentioned in the preceding paragraph shall be distributed in the form of shares or cash and shall be approved by a 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.

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.

The allocation of surplus earnings referred to in the preceding paragraph, if made 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.

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.

Chapter VI Supplemental Provisions

Article 26

This article was established on August 15, 1959, and was last revised for the 76th time on May 28, 2025. Any matters not covered herein shall be handled in accordance with relevant laws and regulation

Appendix 2

China Airlines Ltd. Rules of Procedure for Shareholders' Meetings

Formulated and implemented after approval by the 3rd Extraordinary Shareholders' Meeting on December 12, 1991
Amended and approved by the Shareholders' Meeting on June 29, 2010
Amended and approved by the Shareholders' Meeting on June 15, 2012
Amended and approved by the Shareholders' Meeting on June 26, 2015
Amended and approved by the Shareholders' Meeting on June 23, 2020

- Article 1: These Rules of Procedure for Shareholders' Meetings are drawn up in accordance with the Company Act and all other relevant laws and regulations. Any matters not stipulated in these Rules shall be conducted in accordance with the aforementioned laws.
- Article 2: The rules of procedures for the Company's Shareholders' Meetings, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3: As stipulated in these Rules, "shareholder" refers to the shareholder himself/herself or a designated representative delegated to attend in his/her stead.
- Article 4: A shareholder may appoint a proxy to attend a shareholder meeting by providing the proxy form issued by the Company in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, promulgated by the competent authorities, which clearly states the scope of the proxy's authorization. The shareholder shall deliver the proxy form to the Company at least 5 days before the date of the Shareholders' Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment. If a shareholder appoints a proxy, should the proxy not provide the proxy form, the total number of shares and voting rights represented shall be disregarded. When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 business days prior to the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- Article 5: Attendance and voting at Shareholders' Meetings shall be calculated based on the number of shares. The number of shares in attendance and voting rights shall be calculated according to the shares indicated by the sign-in cards handed in and proxy forms plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Article 6: The chair of the Shareholders' Meeting shall be selected in accordance with Article 208, Paragraph 3 of the Company Act and Article 14 of the Company's Articles of Incorporation.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' Meeting in a non-voting capacity.

Article 7: If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors. After the Shareholders' Meeting agenda is set by the Board of Directors or other parties with the power to convene, the agenda shall be distributed to shareholders in attendance or their proxies. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda (including extraordinary motions), except by a resolution of the Shareholders' Meeting.

After the meeting is adjourned, the shareholders may not designate another person as chair and continue the meeting in the original location or at a different location.

Article 8: The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one-third or more of the total number of issued shares, the situation must be handled in accordance with Article 175 of the Company Act. When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolutions made previously for a vote by the Shareholders' Meeting.

Article 9: In addition to discussions and votes on issues as outlined in the agenda handbook, shareholders in attendance may also raise extraordinary motions as stipulated in the Company Act. After the chair receives approval from other shareholders, the chair shall put the issue up for discussion and a vote.

Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Article 185, Paragraph 1 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the company, and the such website shall be indicated in the above notice.

Article 10: When an attending shareholder wishes to speak regarding a proposal up for discussion, he or she must specify on a speaker's slip the subject of the speech, his/her shareholder account number, and account name. The order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail. This also applies

in the case of extraordinary motions.

Shareholders in attendance who have inquiries regarding reports as stipulated in the meeting agenda may not raise such inquiries until after the chairman or the designated person finishes reading or finishes reporting.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 11: When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal. Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

Article 12: If the speech of any shareholder violates the above Article or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation. The chair shall direct the proctors (or security personnel) to help maintain order at the meeting place.

When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

Those shareholders who use public address equipment different from the one supplied at the premises may be prevented from speaking by the chair.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 13: The chair shall announce the end of discussion on a proposed resolution and proceed with voting when he/she feels the discussion time will affect the smooth proceeding of the meeting or there has been sufficient discussion and no need for further speeches.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which it will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 14: The number of voting rights required to pass a resolution shall be determined as outlined in the Company Act based on the characteristics of said proposal, but if the Company's Articles of Incorporation specify a higher standard, then the Articles of Incorporation shall be followed.

Article 15: Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders (if the Articles of Incorporation require a higher standard, then the higher standard shall apply). In the resolution, after the Chairman or delegate thereof announces the total number of voting rights represented by shareholders in attendance for voting on each issue, shareholders will proceed with voting on a case-by-case basis. When a shareholder is an interested party in relation to an agenda item and there is the likelihood that such a

relationship would prejudice the interests of the Company, that shareholder's voting rights may not count towards the total, but this does not apply in the selection of directors. When one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as a proxy for any other shareholder, but the selection of a director is not thusly restricted.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, should the voting rights represented by that proxy exceed 3% of the voting rights represented by the total number of issued shares the voting rights in excess of that percentage shall not be included in the calculation.

Article 16: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. When the chair appoints shareholders from the shareholder meeting to perform a certain task and the appointee is unable to perform the said task, the chair shall appoint a different shareholder.

Article 17: When a meeting is in progress, the chair may announce a break at his or her discretion. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. When the chair adjourns the meeting, the meeting is considered concluded.

Article 18: Matters relating to the resolutions of a Shareholders' Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and shall be retained for the duration of the existence of the Company.

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio or video recording of the registration procedure, the proceedings of the Shareholders' Meeting, and the voting and vote counting procedures. The recorded audio and/or video materials, sign-in cards, attendance book, and proxy forms shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the aforementioned materials shall be retained until the conclusion of the litigation.

Article 19: These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meetings.

Appendix 3

China Airlines Ltd. Ethical Corporate Management Best Practice Principles

Amended and approved at the 5th meeting of the Board of Directors on March 25, 2016
Amended and approved at the 10th meeting of the Board of Directors on March 11, 2026

Article 1

These Principles are adopted to assist the Company to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices. These Principles are applicable to our business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company ("business group").

Article 2

When engaging in commercial activities, directors, managers, employees, and mandataries of companies or persons having substantial control over such companies ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits (including acts of corruption or bribery)

, nor commit unethical acts, including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct"), for the purpose of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or privately-owned businesses or institutions, and their directors, managers, employees or substantial controllers or other stakeholders.

Article 3

"Benefits" in these Principles means anything of value, including money, endowments, commissions, positions, services, preferential treatment or kickbacks of any type or under any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanisms so as to create an operational environment conducive to sustainable development.

Article 6

The Company shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"),

including operational procedures, guidelines, and training (including anti-corruption and anti-bribery) . The Company shall comply with relevant laws and regulations of the territory where the Company and business group operate.

Article 7

When establishing prevention programs, the Company shall analyze business activities within their business scope and determine which ones are at a higher risk of being involved in unethical conduct, and strengthen preventive measures for those determined to be at higher risk.

The prevention programs adopted by the Company shall, as a minimum, include preventive measures against the following:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
6. Engaging in unfair competitive practices.
7. Adverse impact directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8

The Company and respective business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in their internal management and in their commercial activities.

Article 9

The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.

When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event trading counterparties are involved in unethical conduct, the Company can, at any time, terminate or rescind the contracts.

Article 10

When conducting business, the Company and their directors, managers, employees, mandataries, and substantial controllers, are not to directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

Article 11

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and their directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal

operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12

When making or offering donations and sponsorship, the Company and their directors, managers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13

The Company and their directors, managers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationships or influence commercial transactions.

Article 14

The Company and their directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and is not to use, disclose, dispose, or violate intellectual property or otherwise infringe on intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15

The Company shall engage in business activities in accordance with applicable competition laws and regulations, and is not to engage in any unfair competitive practices.

Article 16

In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and their directors, managers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly adversely affecting the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts indicating that the Company's products or services are likely to pose a hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17

The directors, managers, employees, mandataries, and substantial controllers of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

To achieve sound ethical corporate management, the Company's Human Resources Division is responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. To aggregate the relevant units of the Company for the implementation of case integrity management, and shall report to the board of directors on a regular basis.

Article 18

The Company and their directors, managers, employees, mandataries, and substantial controllers shall comply with laws and regulations and prevention programs when conducting business.

Article 19

The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for directors, supervisors, managers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person is not to participate in discussion of or voting on the proposal and shall recuse him or herself from the discussion or the voting, and is not to exercise voting rights as proxy for another director. The directors shall practice self-discipline and are not to support one another in improper dealings.

The companies' directors, managers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20

The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are effective. The internal audit unit of the Company shall periodically examine the Company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors. The internal audit unit can engage a certified public accountant to carry out the audit, and can engage specialists to assist if necessary.

Article 21

The Company shall establish operational procedures and guidelines in accordance with Article 6 hereof to guide directors, managers, employees, and substantial controllers on how to conduct business. The procedures and guidelines should encompass, as a minimum, the following matters:

1. Standards for determining whether improper benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
7. Procedures for handling violations of these Principles.
8. Disciplinary measures for offenders.

Article 22

The Company shall organize training and awareness programs for directors, supervisors, managers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, related policies, prevention programs and the consequences of engaging in unethical conduct. The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23

The Company shall adopt a concrete whistle-blowing system and scrupulously operate the system. The whistle-blowing system and procedures for handling breaches shall include, as a minimum, the following:

1. An independent mailbox or hotline either internally established and publicly announced or provided by an independent external institution, to allow individuals inside and outside the Company to submit reports.
2. Dedicated personnel or unit appointed to manage the whistle-blowing system. Any tip involving a director or senior manager shall be reported to independent directors or supervisors. Categories of reported misconduct shall be delineated and standard operating procedures for investigations into each category shall be adopted.
3. Documentation of case acceptance, investigation details, investigation results, and relevant documents.
4. Confidentiality of the identity of whistle-blowers and the content of reported cases.
5. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.

Upon investigation, in the event material misconduct or likelihood of material impairment to the Company comes to their awareness, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors or supervisors in written form.

Article 24

The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules.

In the event of serious breaches of fiduciary conduct by Company personnel, said personnel shall be dismissed in accordance with relevant laws and regulations or by corporate governance rules or dismissal.

Article 25

The Company shall disclose the measures taken for implementing ethical corporate management, the status of the implementation, and the effectiveness of its implementation on their company websites, annual reports, and prospectuses and shall disclose their ethical corporate management best practice principles.

Article 26

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage their directors, supervisors, managers, and employees to make suggestions, which will serve as a basis upon which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better implementation of ethical management .

Article 27

The ethical corporate management best practice principles and any amendments hereto shall be implemented after they are approved by the board of directors and reported to the shareholders meeting. When the ethical corporate management best practice principles are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Appendix 4

China Airlines Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct

Amended and approved at the 5th meeting of the Board of Directors on March 25, 2016
Amended and approved at the 10th meeting of the Board of Directors on March 11, 2026

Article 1

This Corporation engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct. These Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

These Procedures and Guidelines are applicable to our business groups and organizations of the Company, which comprise its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company (hereinafter, "business group").

Article 2

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

Article 3

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment or any other item of value in whatever form or name. Nonetheless, ordinary occasional social activities, not interfering with any specific right and/or obligation are excluded.

Article 5

This Corporation shall designate the Human Resources Division as the responsible unit (hereinafter, "responsible unit") under the board of directors and in charge of the amendment of these Procedures and Guidelines. The responsible unit shall submit regular reports related to the implementation with respect to these Procedures and Guidelines and in accordance with the provisions of Ethical Corporate Management Best Practice Principles to the board of directors.

Article 6

Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of this Corporation shall comply with the provisions of the Ethical Corporate Management Best Practice Principles as well as these Procedures and Guidelines, and the relevant procedures shall have been carried out:

1. The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign) visits, reception of guests, promotion of business, and communication and coordination.
2. The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
3. Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
4. Attendance at folk festivals that are open to and invite the attendance of the general public.
5. Rewards, emergency assistance, condolence payments, or honorariums from the management.
6. Other conduct that complies with the rules of this Corporation.

Article 7

Except under any of the circumstances set forth in the preceding article or advanced approval, when any personnel of this Corporation are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, either with or without relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall reject or return the benefit and report to their immediate supervisor as well as notify General Audit Office and Human Resources Division when necessary. While the nature of the benefit could not be returned, the immediate supervisor shall make a proposal, based on the nature and value of the benefit that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner, for Chairman's approval and notify General Audit Office and Human Resources Division.

Article 8

This Corporation shall neither provide nor promise any facilitating payment.

If any personnel of this Corporation provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the relevant judicial agency shall be also immediately reported.

Article 9

This Corporation will take political neutrality position and shall not make any political contributions.

Article 10

Charitable donations or sponsorships by this Corporation shall be provided in accordance with the following provisions.

1. It shall be ascertained that the donation or sponsorship is in compliance with the laws and regulations of the country where this Corporation is doing business.
2. A written record of the decision making process shall be kept.
3. A charitable donation shall be given to a valid charitable institution and may not be a disguised form of bribery.
4. The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or

- a party with which any personnel of this Corporation has a relationship of interest.
5. After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

Article 11

When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, managers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the board meeting. If his or her participation is likely to prejudice the interest of the Company, the concerned person is not to participate in discussion of or voting on the proposal and shall recuse him or herself from the discussion or the voting, and is not to exercise voting rights as proxy for another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.

If in the course of conducting company business, any personnel of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor who shall provide the personnel with proper instructions.

No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.

Article 12

All personnel of this Corporation shall faithfully follow the operational directions pertaining to intellectual properties and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation unrelated to their individual duties.

Article 13

This Corporation shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not undertake unfair competition act.

Article 14

This Corporation shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of this Corporation to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.

This Corporation shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are media reports, or sufficient facts to determine, that this Corporation's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, this Corporation shall recall those products or suspend the services, verify the facts and present a review and improvement plan.

Article 15

All Company personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

Any organization or person outside of this Corporation that is involved in any merger, demerger, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by this Corporation shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of this Corporation acquired as a result, and that they may not use such information without the prior consent of this Corporation.

Article 16

This Corporation shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.

Article 17

Any personnel of this Corporation, when engaging in commercial activities, shall make a statement to the trading counterparty about this Corporation's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.

Article 18

All personnel of this Corporation shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement this Corporation's ethical management policy.

Article 19

Before entering into a contract with another party, this Corporation shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Corporation part of the terms and conditions of the contract, stipulating at the least the following matters:

1. When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party the contract price as damages, and may also deduct the full amount of the damages from the contract price payable.
2. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
3. Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

Article 20

This Corporation has established clear procedures for reporting and handling breaches to encourage insiders and outsiders to inform of unethical or improper conduct (including any acts of corruption or bribery). Insiders having made a false report or malicious accusation shall be subject to disciplinary action. This Corporation shall internally establish and publicly announce on its website and the intranet,

or provide through an independent mailbox, auditor@china-airlines.com for Company insiders and outsiders to submit reports.

The procedures are as follows:

- A whistleblower shall at least furnish the following information:
 1. The whistleblower's name and I.D. number, and an address, telephone number and e-mail address where it can be reached.
 2. The informed party's name or other information sufficient to distinguish its identifying features.
 3. Specific facts available for investigation.
- Company personnel handling whistle-blowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. This Corporation also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing. The General Audit Office shall observe the following procedure:
 1. An information shall be reported to the department head if involving the rank and file and to an independent director or supervisor if involving a director or a senior executive.
 2. The General Audit Office and the department head or personnel being reported to shall immediately verify the facts and, where necessary, with the assistance of the legal compliance or other related department.
 3. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or this Corporation's policy and regulations of ethical management, this Corporation shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, this Corporation will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.
 4. Documentation of case acceptance, investigation processes and investigation results shall be retained for five years and may be retained electronically. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.
 5. With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.
 6. The General Audit Office shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Article 21

If any personnel of this Corporation discovers that another party has engaged in unethical conduct towards this Corporation, and such unethical conduct involves alleged illegality, this Corporation shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, this Corporation shall additionally notify the governmental anti-corruption agency.

Article 22

This Corporation shall organize and encourage personnel to participate in internal and external education and training related to the ethical awareness training (including anti-corruption and anti-bribery training courses) to fully convey the importance of integrity. This aims to effectively communicate the significance of ethical business conduct and enhance all employees' awareness of and compliance with integrity principles.

This Corporation shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints.

If any personnel of this Corporation seriously violates ethical conduct, this Corporation shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of this Corporation.

Article 23

These Procedures and Guidelines, and any amendments hereto shall be implemented after they are approved by the board of directors and reported to the shareholders meeting.

When these Procedures and Guidelines are submitted to the board of directors for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting. An independent director that cannot attend the board meeting in person to express objection or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the board of directors meeting.

Appendix 5

China Airlines Ltd. Procedures Governing the Acquisition and Disposal of Assets

Amended and approved by the Shareholders' Meeting on May 26, 2022

- Article 1 Purpose and legal basis:
These Procedures have been formulated to provide guidelines for the Company when acquiring or disposing of assets and are based on the content of Article 36-1 of the Securities and Exchange Act and other related laws and regulations
- Article 2 Scope: For the purpose of these Procedures, assets refer to the following:
1. Investments such as stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.
 2. Real Property (including land, houses and buildings, investment property, rights to use land) and equipment.
 3. Memberships.
 4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 5. Right-of-use assets.
 6. Derivatives.
 7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 8. Other major assets.
- Article 3 Terms used in these Procedures are defined as follows:
1. Date of occurrence: In principle, this refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, date of Board of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction (whichever date is earlier); provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
 2. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 3. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
 4. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, , credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
 5. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act,

Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under Article 156-3 of the Company Act.

6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Total assets: For the calculation of 10% of total assets under these Procedures, the total assets stated in the most recent parent company-only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.
8. Securities exchanges: Domestic securities exchange refers to the Taiwan Stock Exchange Corporation; foreign securities exchange refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
9. Over-the-counter markets ("OTC"): Domestic OTC markets refers to a market for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; foreign OTC markets refers to a market at a financial institution that is regulated by the foreign competent securities authority and that is permitted to conduct securities business.

Article 4 Appraisal and operating procedures:

1. Regarding the appraisal of assets to be acquired or disposed of, if said assets are flight equipment, real property, or other assets, the department utilizing or responsible for the assets shall formulate an appraisal plan. The Finance Division shall implement and oversee this plan. For marketable securities, the units responsible for implementation shall implement after completion of a feasibility assessment.
2. When the Company engages in derivatives transactions, it shall follow the Company's Operational Procedures for Derivatives Trading. For the acquisition and disposal of other assets, the Company shall follow the operational procedures formulated by the responsible department mentioned in the above paragraph, which will be executed after approval by the responsible personnel, to properly implement the Company's internal control system.

Article 5 Procedures for determining transaction terms and conditions:

1. Any acquisition or disposal of assets by the Company shall follow all related procedures and regulations, and shall only be executed after approval by the responsible personnel.
2. Any procedure for the acquisition or disposal of assets that falls under the circumstances outlined in Article 185 of the Company Act shall first be approved by the Shareholders' Meeting.
3. Means of price determination and supporting reference materials for assets should follow the below:
 - (1) The price for marketable securities acquired or disposed of on a centralized securities exchange market or over-the-counter securities exchange shall be determined by the current stock or bond price.
 - (2) For the price of marketable securities not acquired or disposed of on a centralized securities exchange market or over-the-counter securities exchange, the net asset value, profitability, future development potential, market interest rates, bond coupon rate, and credit worthiness of the debtor shall be taken into account along with the most recent transaction price.

- (3) For the acquisition or disposal of real property or other assets, the price shall be set based on the publicly announced current value, current assessed value, actual transaction price of neighboring real property, or the supplier's quoted price.
4. With respect to the Company's acquisition or disposal of assets that are subject to the approval of the Board of Directors as required by these Procedures or other laws or regulations, if a director expresses dissent, which is recorded or is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required in the preceding sentence is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.

Article 6 Units responsible for implementation:

1. The Finance Division oversees long-term securities. Short-term securities are overseen by the Finance Division. The Administration Division is responsible for real property. Assets other than securities investments and real property shall be overseen by the relevant department. As prescribed by the competent authorities, information disclosure is the responsibility of the Finance Division.
2. When the Company and any subsidiaries that are not domestic public companies acquire or dispose of assets that require public reporting, the unit responsible for the implementation shall review and include all relevant information on the actual date of occurrence and deliver to the Finance Division for public announcement, reporting, and disclosure of material information.

Article 7 Merger, demerger, acquisition, or transfer of shares:

1. When planning to conduct a merger, demerger, acquisition, or transfer of shares, the Company shall engage a certified public accountant, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Board of Directors for deliberation and passage.
- However, when the Company merges with a subsidiary company which it directly or indirectly owns 100% of distributed stocks or total capital, or when the Company merges subsidiary companies which it directly or indirectly owns 100% of distributed stocks or total capital, the Company may forgo the opinion of the reasonableness by the experts stated above.
2. The Company shall prepare a public report for shareholders detailing the important content of the agreement and related matters of the merger, demerger, or acquisition before the Shareholders' Meeting, and then deliver it to shareholders together with expert opinions as required in the preceding paragraph for reference by shareholders for the approval of the merger, demerger or acquisition. This restriction shall not apply, however, where there are other provisions of law that exempt a company from convening a Shareholders' Meeting to approve the merger, demerger or acquisition. Moreover, where the Shareholders' Meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the Shareholders' Meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next Shareholders' Meeting.

3. When conducting a merger, demerger, acquisition, or transfer of shares, the Company shall follow the below regulations for voting, information preservation, and public announcement:

- (1) Unless another law provides otherwise or the competent authority is notified in advance of extraordinary circumstances and grants consent, the companies participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and Shareholders' Meeting on the same day to resolve matters relevant to the merger, demerger, or acquisition. When participating in a transfer of shares, the companies shall call a Board of Directors meeting on the same day.
- (2) When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a full written record of the following information and retain it for 5 years for reference. Within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, the Company shall report the information set out in Subparagraphs 1 and 2 of the following paragraph to the competent authorities for recordation in the prescribed format via the Internet-based information system.
 1. Basic identification data for personnel: includes occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer shares prior to disclosure of the information.
 2. Dates of material events: includes the dates of the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
 3. Important documents and minutes: includes merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.
- (3) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the latter is required to abide by the provisions of (2) above.
4. Every person participating in, or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
5. The Company may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
 - (1) Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
 - (2) An action, such as a disposal of major assets, that affects the company's financial operations.
 - (3) An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - (4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares, legally buys back treasury stock.
 - (5) A change in the entities or number of entities participating in the merger, demerger, acquisition, or transfer of shares.
 - (6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

6. The following matters, in addition to the related rights and obligations, shall be noted in the contract for participation in a merger, demerger, acquisition or transfer of shares:
- (1) Handling breach of contract.
 - (2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - (3) The amount of treasury stock that participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - (4) The manner of handling changes in the entities or number of entities.
 - (5) Preliminary progress schedule for plan execution, and anticipated completion date.
 - (6) Scheduled date for convening the legally mandated Shareholders' Meeting if the plan exceeds the deadline without completion, and relevant procedures.
7. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's Shareholders' Meeting has adopted a resolution authorizing the Board of Directors to alter the limits of authority, such participating company may be exempted from calling another Shareholders' Meeting to resolve on the matter anew.
8. Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by Paragraphs 3, 4, and 7 of this Article.

Article 8 Commissioning expert appraisal reports or opinions:

1. Appraisal report for acquisition or disposal of real property, equipment, or right-of-use assets thereof: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:
- (1) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
 - (2) Where the transaction amount is in excess of NT\$1 billion, appraisals from two or more professional appraisers shall be obtained.
 - (3) Where any one of the following circumstances applies with respect to the professional appraiser's results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 1. The discrepancy between the appraisal result and the transaction amount is 20% or

more of the transaction amount.

2.The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.

(4)No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is applied and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

2.Certified public accountant opinion regarding acquisition or disposal of securities: The Company, when acquiring or disposing of securities shall, prior to the date of occurrence, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20% or more of the company's paid-in capital or in excess of NT\$300 million, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authority.

3.Acquisition or disposal of intangible assets, right-of-use assets, or memberships: Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20% or more of paid-in capital or in excess of NT\$300 million, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the certified public account shall comply with the provisions of Statement of Auditing Standards No. 20 published by ARDF.

4.Should the Company acquire or dispose of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or opinion of a certified public accountant.

5.Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountants opinions, attorneys' opinions, or securities underwriters' opinions shall meet the following requirements:

(1)May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of this Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

(2)May not be a related party or de facto related party of any party to the transaction.

(3)If the Company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the self-discipline rules of the trade associations to which it belongs and the personnel referred to in the preceding paragraph shall comply with the following:

(1)Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.

(2)When implemen a case, they shall appropriately plan and execute adequate working procedures, in order to form a conclusion and use the conclusion as the basis for issuing the report or opinion. The related implementation procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.

- (3) They shall undertake an item-by-item evaluation of the appropriateness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
 - (4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is appropriate, and that they have complied with applicable laws and regulations.
6. Calculation of the transaction price shall be performed in accordance with Article 11, Paragraph 1, Subparagraph 2, but does not need to be added in for situations where a professional appraisal or certified public accountant opinion is obtained in accordance with these Procedures.

Article 9 Related party transactions:

1. When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that these Procedures are followed and necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the Company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a certified public auditor's opinion in compliance with the provisions of the preceding Article. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or repurchase of domestic securities investment trust enterprise money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and by the Audit Committee:
 - (1) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - (2) The reason for choosing the related party as a trading counterparty.
 - (3) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraph 1, Subparagraph 3 and 4 of this Article.
 - (4) The date and price at which the related party originally acquired the property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
 - (5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
 - (6) Restrictive covenants and other important stipulations associated with the transaction.
 - (7) An appraisal report from a professional appraiser or a certified public accountant's opinion obtained in compliance with the preceding Paragraph.
3. When the Company acquires real property or right-of-use assets thereof from a related party, it shall evaluate the reasonableness of the transaction costs by the following means (Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised following any one of the below methods):
 - (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases

the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

- (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
4. When the Company acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the previous Paragraph, it shall also engage a certified public accountant to check the appraisal and render a specific opinion.
5. When the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Subparagraph 2 of this Article, but Paragraph 1, Subparagraphs 3 and 4 do not apply:
 - (1) The related party has acquired the real estate or its right-of-use assets through inheritance or as a gift.
 - (2) More than five years have elapsed since the acquisition of the real estate or its right-of-use assets by the related party since the date the contract for the transaction was signed.
 - (3) The real estate is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real estate, either on the company's own land or on rented land.
 - (4) The real estate right-of-use assets for business use are acquired by the Company and its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100% of the issued shares or total capital.
6. For real estate or its right-of-use assets acquired from a related party and the results of appraisals conducted in accordance with Subparagraph 3, Paragraph 1 of this article are uniformly lower than the transaction price, the provisions specified in Subparagraph 7 shall be followed. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and an accountant, this restriction shall not apply:
 - (1) Where the related party has acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 1. Where undeveloped land is appraised in accordance with the means in the Subparagraph 3, Paragraph 1 of this article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be defined as the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 2. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
 - (2) For evidence provided on acquired real estate, or obtained real estate right-of-use assets through leasing, from a related party and the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

- (3) “Completed transactions involving neighboring or closely valued parcels of land” as used in (1) and (2) of this article in principle refer to parcels on the same or adjacent block and within a distance of no more than 500 meters, or parcels close in publicly announced current value; “Transactions for similarly-sized parcels”, in principle refer to transactions by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction. “within the preceding year” as used herein refers to the year preceding the date of occurrence of the acquisition of the real estate or obtainment of the right-of-use assets thereof.
7. For real estate or its right-of-use assets acquired from a related party and the results of appraisals conducted in accordance with Subparagraph 3, Paragraph 1 of this article are uniformly lower than the transaction price, the following provisions shall be followed:
- (1) A special reserve shall be set aside in accordance with Paragraph 1, Article 41 of the Securities and Exchange Act against the difference between the transaction price and the appraised cost for the real estate or its right-of-use assets. These funds may not be distributed or used for capital increase or issuance of bonus shares. For the Company adopting the equity method to account for its investment in another company, the special reserve called for under Paragraph 1, Article 41 of the Securities and Exchange Act shall also be appropriated on a pro-rata basis according to the percentage of shares held by the investor. For special reserve set aside according to the aforementioned, it shall not draw on the reserve unless it has recognized the loss on decline in market value of the assets it purchased or leased at a premium, or the leasing contract has been terminated, or disposed through adequate compensation or restored status quo ante, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the securities authority has given its consent.
- (2) The Audit Committee shall follow the provisions set out under Article 218 of the Company Act.
- (3) Actions taken pursuant to Subparagraph 1 and Subparagraph 2 above shall be reported to a Shareholders’ Meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
8. The rules specified in aforementioned (1) and (2) shall also be followed if there is other evidence showing nonconformity with general business practices when the Company acquires or disposes assets or its right-of-use assets from a related party.
9. When a matter is submitted for discussion by the Board of Directors pursuant to this Article, if an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Adoption pursuant to this Article, which shall be subject to the consent of one-half or more of all Audit Committee members and be submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
10. The calculation of the transaction amounts shall be made in accordance with Article 11 Paragraph 1 Subparagraph 2. Items that have been If the company or a subsidiary of a non-domestic public company has the second transaction, and the transaction amount is more than 10% of the company's total assets, the company shall submit the materials listed in the second paragraph to the shareholders' meeting for approval before proceeding. A transaction contract must be signed and payment made. However, transactions between the Company and its parent company, subsidiaries, or subsidiaries of the Company are not subject to this limitation need not be counted toward the transaction amount.
11. The calculation of the transaction amount shall be handled in accordance with the provisions of Subparagraph 2 of Paragraph 1 of Article 11, but it has been submitted to the Audit Committee and the Board of Directors for approval or submitted to the shareholders' meeting for approval in accordance with the provisions of these procedures for partial

exemption.

12. The company and its subsidiaries, or subsidiaries that directly or indirectly hold 100% of the issued shares or total capital, are engaged in the following transactions. The board of directors may authorize the chairman of the board to make decisions within a certain amount, and then report to the most recent board of directors for ratification:

- (1). Acquiring or disposing of equipment or right-of-use assets for business use.
- (2). Acquiring or disposing of real estate right-of-use assets for business use.

Article 10 Scope and amount of investment:

Except when acquiring property and right-of-use assets for business use, the Company and its subsidiaries shall follow the below limits for investment in securities and purchases of real property and its right-of-use assets not for business use:

1. The total investment in securities shall not exceed 100% of the Company's net value. Subsidiaries may not exceed 80% of their net value, but subsidiaries that are professional investment companies may not exceed 100% of their net value.
2. The total value of investments in individual securities shall not exceed 30% of the Company's net value. Subsidiaries may not exceed 20% of their net value, but subsidiaries that are professional investment companies may not exceed 100% of their net value.
3. The Company and its subsidiaries' total purchases of real property and its right-of-use assets not for business use shall not exceed 50% of their net value.

Article 11 Announcements, reporting, and disclosure of material information:

1. Under any of the following circumstances, the Company shall, within 2 days from the date of occurrence of the event, publicly announce and report the relevant information about the acquisition or disposal of assets on the designated information reporting website of the securities authority using the specified format based on the nature of the transaction:
 - (1) Acquisition or disposal of real estate or its right-of-use assets from or to a related party, or acquisition or disposal of assets other than real estate or its right-of-use assets from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more. However, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - (2) Merger, split, acquisition, or assignment of shares.
 - (3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the "Engagement in derivative financial commodity transaction processing procedures" adopted by the Company.
 - (4) Where equipment or its right-of-use assets for business use are acquired or disposed of, and furthermore, the transaction counterparty is not a related party, and the transaction amount exceeds NT\$1 billion.
 - (5) Where real estate is acquired under an arrangement engaging in the development of self owned land, development of leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
 - (6) Where an asset transaction other than any of those referred to in (1) to (5) of this article, a disposal of receivables by a financial institution, or an investment in the Mainland China area reaches 20% or more of paid-in capital or NT\$300 million or more; provided that this shall not apply to the following circumstances:
 1. Trading of domestic government bonds or foreign public bonds with a credit rating not lower than my country's sovereign rating.

2. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. The amount of transactions above shall be calculated as follows:
 - (1) The amount of any individual transaction.
 - (2) The cumulative transaction amount of acquisitions or disposals of the same type of underlying asset with the same transaction counterparty within one year.
 - (3) The cumulative transaction amount of real estate or its right-of-use assets acquired or disposed of (to be accumulated separately for acquisition and disposals) for the same development project within one year.
 - (4) The cumulative transaction amount of the same securities acquired or disposed of (to be accumulated separately for acquisition and disposals) within one year.
 - (5) "within the preceding year" as used herein refers to the year preceding the date of occurrence of the acquisition or disposal of assets. The declared part of the announcement is exempt from credit.
3. If the subsidiary is not a domestic public issuance company, the application of the applicable reporting standard for the amount of paid-in capital or total assets shall be subject to the paid-in capital or total assets of the Company. The company shall compile monthly reports on the status of derivatives trading conducted up to the end of the preceding month for its own transactions and those of its subsidiaries (that are not domestic public companies) and enter the information in the prescribed format into the information reporting website designated by the Financial Supervisory Commission before the 10th of each month.
4. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and is required to correct it, all the items shall be again publicly announced and reported in their entirety within 2 days commencing immediately from the date that the Company becomes aware of the error or omission..
5. Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported as required, a public report of relevant information shall be made on the competent authority's designated website within 2 days commencing immediately from the date of occurrence of the event:
 - (1) Change, termination, or rescission of a contract signed in regard to the original transaction.
 - (2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - (3) Change to the originally publicly announced and reported information.
6. Disclosure of Material Information: Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities promulgated by the Taiwan Stock Exchange Corporation.

Article 12 Other issues:

1. After receiving approval of the Audit Committee, these Procedures shall be sent to the Board of Directors and come into effect following approval of the Shareholders' Meeting, which also applies for revisions. If any director expresses dissent and such opinion is recorded in the minutes or a written statement, the Company shall submit the director's dissenting opinions to the Audit Committee. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. Any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution. If approval of more than half of all Audit Committee members as required in the preceding sentence is not obtained, the procedures may be

- implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors meeting.
2. Unless otherwise required by law, the Company shall keep on file all contracts, minutes, memorandum books, appraisal reports, and opinions issued by certified public accountants, attorneys, or securities underwriters for any acquisition or disposal of assets for a period of no less than 5 years.
 3. When a Company subsidiary intends to acquire or dispose of assets, the subsidiary shall formulate and implement procedures in accordance with the Procedures Governing the Acquisition and Disposal of Assets.

Article 13 Penalties:

If any Company managers or relevant personnel are in breach of these Procedures and/or any related laws and regulations, penalties shall be incurred in accordance with Company rewards and punishments regulations proportional to the gravity of the breach.

Article 14 These Procedures were adopted on May 18, 1991 and the 11th revision was made on May 26, 2022.

Other matters not stipulated in these Procedures shall be conducted in accordance with all relevant laws and regulations.

Appendix 6

China Airlines Ltd. Operational Procedures for Derivatives Trading

Amended and approved by the Shareholders' Meeting on June 25, 2019

Article 1 Purpose

In order to effectively manage the Company's assets, debts, and income and expenses, reduce risks associated with fluctuations in exchange rates, interest rates, and oil prices, and increase industry competitiveness, these Procedures have been formulated in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Financial Supervisory Commission.

Article 2 Transaction Principles and Guidelines

1. Types of Transactions

The derivative commodities specified in this procedure refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, oil or other variable; contract combining the above; compound contracts or structured products containing embedded derivatives. "Forward contracts" as used herein does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts and long-term purchase (sales) contracts.

2. Operational and Hedging Strategies

The primary purpose of the Company's derivatives transactions shall be to avoid market risks (hedging). Transactions shall, as much as possible, be used to hedge against interest, exchange rate, and oil price risks resulting from Company operations. In principle, counterparties shall be banks or oil companies that have business dealings with the Company or that can provide expert information.

3. Division of Responsibilities

(1) Risk Management Committee

Drafting a hedging strategy, response measures, and resolutions regarding derivative trading limits.

(2) President

Approval of the type of trade and execution of trades.

(3) Financial Managers (all levels)

1. Execution of forward exchange, FX options, and oil derivatives transactions within the authorized limits after approval.
2. Control and management of company-wide transaction totals and product types.
3. Decisions regarding appointment and dismissal of traders.
4. Formulation of the risk report format.
5. Establishment of the risk assessment and performance assessment models.

(4) Trading Personnel

1. Formulation of trading strategies within their authorized scope and directly executing trades with the counterparty.
2. Collation and recordation of transaction receipts, certificates, and other transaction-related information.

4. Performance Assessment

The Company shall perform performance assessments for derivatives transactions at least twice per month and report the findings to a Company executive at the level of Senior Vice President or higher.

5. Total Transaction and Loss Limits

Company trading of derivative products includes exchange rate, interest rate, and oil and other related products, stock index forward contracts, options, and futures with the aim of meeting the Company's actual operational needs. With active risk avoidance and the goal of economic hedging, the derivatives transaction limits and total loss limits for the entire Company are as follows:

- (1) Interest Rate Derivatives: Losses are limited to 50% of the net increase of long-term liabilities, lease liabilities, and sale-leaseback transactions positions currently and over the next five years.
- (2) Exchange Rate Derivatives: Ceiling of 50% of the total of foreign currency liabilities and actual net demand for foreign currency over the next five years.
- (3) Oil Derivatives: Ceiling of 50% of actual annual demand.
- (4) Loss Amount Restrictions: Losses for an individual contract assessed to be greater than 3% of the Company's shareholder equity for two months in a row. Aggregate contract losses assessed greater than 10% of the Company's shareholder equity for two months in a row. Response measures shall be formulated and submitted to the Board of Directors should either situation occur.

Article 3 Operational Procedures

1. Authorized amount: Any individual derivative transaction may only be conducted after approval and execution by the President. However, forward exchange, FX options, cross currency swaps, interest rate swaps, and fuel hedging transactions are performed to hedge against operational risk. Because circumstances can change rapidly and to ensure proper flexibility, the President may authorize the Vice President of Finance to conduct transactions of the derivative products listed in the previous sentence within the amount limits set by the Risk Management Committee and shall sign and report as required by the Procedures.
2. Units responsible for implementation: Because of the special properties of derivatives transactions, which include rapid changes, relatively large monetary amounts, frequent trading, and computational complexity, those responsible for derivatives trading and the management thereof must have a high level of expertise. Therefore, the Finance Division shall appoint specialists to perform trades.
3. Appraisal procedures: In accordance with Company needs and the nature of the products, price inquiries shall be made with at least two financial institutions with outstanding reputations to serve as a price reference.
4. When the Company engages in derivatives trading, relevant personnel authorized as laid

out in these Procedures shall handle the transactions then submit reports to the next Board of Directors meeting.

5. The Company shall establish a logbook for its derivative transactions for audit purposes, which shall contain details about the type and amount of the derivative transaction and the date it was resolved by the Board of Directors. The logbook shall also include the "other items to be evaluated" prescribed in the fourth subparagraph, first paragraph, Article 2 and Article 8.

Article 4 Public Announcement and Reporting Procedures

1. When the Company and any subsidiaries that are not domestic public companies engage in derivatives trading reach levels requiring public reporting, the unit responsible for the implementation shall review and include all relevant information on the actual date of occurrence and deliver to the Finance Division for public announcement and reporting.
2. Engagement in derivatives transactions that result in unrealized losses amounting to 3% or more of shareholder equity or reach the amount ceilings stipulated in these Procedures for contracts in the aggregate or a single contract shall publically announce and report the situation within two days of the actual date of occurrence.
3. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies in the prescribed format and publically announce and report by the 10th day of each month.
4. When the Company or a subsidiary, at the time of public announcement, makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.

Article 5 Accounting Principles

The accounting of derivatives transactions executed by the Company shall be governed by International Financial Reporting Standards and relevant laws. To create a complete set of financial books and accounting records, a fair presentation of the transaction process and result shall be recorded based on the nature of each derivative transaction. When the Company prepares periodic financial reports, these shall be handled in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers promulgated by the Financial Supervisory Commission and relevant accounting reporting requirements.

Article 6 Internal Control System

1. Risk Management

- (1) Credit risk: In principle, counterparties shall be banks or oil companies that have business dealings with the Company or that can provide expert information in order to reduce the possibility of loss due to counterparty non-compliance.
- (2) Market risk: Prior to making derivatives transactions, an assessment of the potential variation in market factors shall be made and market risk shall be managed by following explicit operating procedures and frequent review of the profits and loss of existing positions.
- (3) Liquidity risk: To ensure liquidity, the transacting bank must have adequate facilities, information, and trading capabilities and be able to trade in any market.
- (4) Cash flow risk: To ensure the stability of the Company's operational cash flow, the source of funding for derivatives transactions should be limited to the Company's

own capital and the operational amount should take into consideration of the funding need in the cash income forecast for the next year.

- (5) Operational risk: To avoid operational risk, execution of transactions must comply with authorized amounts and operational procedures.
- (6) Legal Risk: Any documents signed with the bank must be reviewed by the Legal Protection Department before they can be formally signed to avoid legal risks.
- (7) Product risk: Internal trading personnel and the counterparty bank should possess complete and accurate professional knowledge of financial products and request the banks to sufficiently disclose risk to avoid financial loss due to financial product misapplication.
- (8) Cash settlement risk: In addition to being required to abide by the authorized amount, authorized trading personnel shall also keep aware of Company cash flow to ensure there is ample cash on hand for any required payments.

2. Internal Controls

- (1) The personnel conducting the derivatives transactions shall not also serve as the personnel in charge of confirmation and settlement of derivatives
- (2) The personnel assessing, supervising and controlling risk shall be in separate department from the personnel in (1) of this Subparagraph, and should report regularly to the Chairman and President

Article 7 Internal Audit System

1. The Company's internal audit personnel shall review the appropriateness of the internal control procedure for transactions of derivative financial product on a regular basis, and shall prepare audit reports on a monthly basis with regard to the compliance situations by the Transaction Division with these Procedures. If any material breach is discovered, the Audit Committee shall be informed in writing.
2. If any Company subsidiary also engages in derivatives trading, that subsidiary shall also follow the procedure outlined in the previous paragraph.

Article 8 When performing derivatives transactions, the Board of Directors shall appoint top executives to pay attention to the supervision and control of derivatives transaction risk by following the below management principles:

1. Periodically evaluate whether the risk management actions presently in use are proper and strictly comply with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies and these Procedures.
2. Supervise the transactions and any income or loss thereof, and if finding any unusual circumstances, take response action and report them to the Board of Directors immediately. Independent directors, if any, should be present at the meeting and express their opinions.
3. Periodically evaluate whether the performance of transactions of derivative financial products corresponds to the existing business strategies and whether the risk borne is tolerable by the Company.

Article 9 Other Issues

These Procedures shall be agreed to by half or more of all members of the Audit Committee and after approval by the Board of Directors shall be brought before the Shareholders' Meeting for approval. This also applies for any revisions thereof. Those not approved by half

or more of all members of the Audit Committee, but approved by approved by two thirds of Directors are not subject to the restrictions in the previous two sentences and the Audit Committee's resolution shall be recorded in the minutes of the Board of Directors Meeting.

Article 10 Penalties

If any Company managers or relevant personnel are in breach of these Procedures and/or of any related laws and regulations, penalties shall be incurred in accordance with Company Rewards and Punishments Regulations proportional to the gravity of the breach.

Article 11 These Procedures were adopted on September 13, 1996 and the 10th revision was made on June 25, 2019. Other matters not stipulated in these Procedures shall be conducted in accordance with all relevant laws and regulations.

Appendix 7

Directors' Shareholdings of China Airlines, Ltd

Base date: March 29th, 2026

Title	Name	Date of Appointment	No. of Shares Held on Appointment			No. of Shares Currently Held			Remarks
			Type	No. of Shares	Percentage of shares issued	Type	No. of Shares	Percentage of shares issued	
Chairman	China Aviation Development Foundation Representative: KAO, SHING-HWANG	May 30, 2024	common stock	1,867,341,935	30.86%	common stock	1,867,341,935	30.52%	
Director	China Aviation Development Foundation Representative: CHEN, CHIH-YUAN								
Director	China Aviation Development Foundation Representative: TING, KWANG-HUNG								
Director	China Aviation Development Foundation Representative: CHEN, MAUN-JEN								
Director	China Aviation Development Foundation Representative: HUANG, HUEI-JEN								
Director	China Aviation Development Foundation Representative: CHANG, GWO-WEI								
Director	China Aviation Development Foundation Representative: CHEN, TA-CHUN								

Title	Name	Date of Appointment	No. of Shares Held on Appointment			No. of Shares Currently Held			Remarks
			Type	No. of Shares	Percentage of shares issued	Type	No. of Shares	Percentage of shares issued	
Director	China Aviation Development Foundation Representative: HUANG, SHIH-HUI	May 28,2025			30.69%				
Director	National Development Fund, Executive Yuan's Representative: WEI, CHIEN-HUNG	May 30, 2024	common stock	519,750,519	8.59%	common stock	519,750,519	8.50%	
Director	National Development Fund, Executive Yuan's Representative: SHON, ZHENG-YI	May 28,2025			5.54%				
Independent Director	CHANG, HSIEH GEN-SEN	May 30, 2024	common stock	0	0.00%	common stock	0	0.00%	
Independent Director	HUANG, HSIEH-HSING	May 30, 2024	common stock	0	0.00%	common stock	0	0.00%	
Independent Director	LIN, KUO-CHANG	May 30, 2024	common stock	0	0.00%	common stock	0	0.00%	
Independent Director	HWANG, YIH-RAY	May 30, 2024	common stock	0	0.00%	common stock	0	0.00%	
Independent Director	LIN, YU-FEN	May 30, 2024	common stock	0	0.00%	common stock	0	0.00%	
Total			common stock	2,387,092,454		common stock	2,387,092,454		

May 30, 2024, Total shares outstanding: 6,051,540,742 shares

May 28, 2025, Total shares outstanding: 6,083,923,559 shares

March 29, 2026, Total shares outstanding: 6,117,941,273 shares

Note: All Directors shall hold statutory shares: 120,000,000 shares. As of March 29th, 2026: 2,387,092,454 shares held.

The Company has formed an audit committee; hence no statutory shares shall be held by the supervisors. Shares held by Independent Directors are not included in the Directors' shareholding total.