

2019 Financial Statements

INDEPENDENT AUDITORS' REPORT

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The Board of Directors and the Shareholders
China Airlines, Ltd.

Opinion

We have audited the accompanying financial statements of China Airlines, Ltd. (the “Company”), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, 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 and other regulations.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters in the audit of the financial statements of the Company are stated below:

Passenger Revenue Recognition

In accordance with IFRS 15 “Revenue from Contracts with Customers”, passenger sales are accounted for as contract liabilities before relevant transportation services are provided. After providing the related services, contract liabilities are reclassified to passenger revenue. As of December 31, 2019, passenger revenue was NT\$96,176,865 thousand. Refer to Notes 4 and 26 in the accompanying financial statements for related detailed information.

Since relevant sales can only be recognized as passenger revenue when passengers actually boarded, confirmation from each passenger holding the ticket who actually boarded involves a complicated process; therefore, we identified passenger revenue recognition as a key audit matter.

The main audit procedures that we performed included the following:

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

Initial Application of IFRS16 (Leases) - Aircrafts

In accordance with IFRS 16 “Leases”, aircrafts leases initially classified as finance leases under IAS 17 should be recognized as Right-of-use assets and lease liabilities in the consolidated balance sheet. As of December 31, 2019, the carrying amount of right-of-use assets and lease liabilities (including financial liabilities for hedging) relating to aircrafts leases are 53,870,134 thousand and 52,153,682 thousand, respectively. Refer to Notes 4 and 20 in the accompanying financial statements for related detailed information.

China Airlines, Mandarin Airlines and Tigerair Taiwan leased ten 777-300ER planes, fifteen A330-300 planes and fifteen 737-800 planes for operation. Because of the long lease term and the high rent of each period, the percentage of Right-of –use assets and lease liabilities in the consolidated balance sheet is high. The assessment of each parameters and lease terms, and the calculation of liabilities by the management will affect the carrying amount and depreciation expense of the Right-of-use assets and lease liabilities (including financial liabilities for hedging) relating to aircrafts. Therefore, we identified initial application of IFRS16-Aircrafts as a key audit matter.

The main audit procedures that we performed included the following:

1. We understood and tested the effectiveness of the information system related to the calculation of lease liabilities.
2. We chose an aircraft rents amortization schedule from the lease calculation system, varified the logical rationality of the lease liabilities balance, financial cost discount and Right-of-use amortization, and related carrying amount. Also, we chose a certain amount of aircraft lease contract from the carrying amounts of aircraft lease liability, and checked if there was any difference between rents in the aircraft rents amortization schedule and rents in in the contracts. And we checked if the term of the amortization schedule was consistent with the contract.

Other Matter - Audited by Other Independent Auditors

Some investments accounted for using the equity method and disclosure information in Note 13 were audited by other independent auditors, and our audit opinion is based solely on the audit report of other independent auditors. The financial statements and disclosed information were audited by other independent auditors, and our audit opinion is based solely on the audit report of other independent auditors. As of December 31, 2019, the aforementioned investment accounted for using the equity method was NT\$1,946,328 thousand, representing 0.72% of total assets. For the year ended December 31, 2019, comprehensive income (including share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method) was NT\$691,115 thousand.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2018 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 audit resulting in this independent auditors' report are Chen-Hsiu Yang and Jui-Chan Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2020

Notice to Readers

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

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

CHINA AIRLINES, LTD.

BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 20,626,014	8	\$ 18,688,022	9
Financial assets at fair value through profit or loss - current	434	-	-	-
Financial assets at amortized cost	1,460,450	-	2,310,000	1
Financial assets for hedging - current	9,588	-	27,354	-
Notes and accounts receivables, net	7,694,431	3	9,280,662	4
Accounts receivables - related parties	232,386	-	298,311	-
Other receivables	560,819	-	656,790	-
Current tax assets	52,776	-	15,810	-
Inventories, net	8,246,515	3	8,451,892	4
Non-current assets held for sale	-	-	46,154	-
Other current assets	2,106,199	1	3,157,864	2
Total current assets	40,989,612	15	42,932,859	20
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	107,856	-	83,366	-
Investments accounted for using the equity method	13,482,877	5	13,158,355	6
Property, plant and equipment	131,029,886	49	149,029,054	69
Right-of-use assets	64,262,830	24	-	-
Investment properties	2,047,448	1	2,047,448	1
Other intangible assets	971,298	-	979,708	1
Deferred tax assets	4,757,142	2	4,561,346	2
Other non-current assets	11,227,556	4	2,122,085	1
Total non-current assets	227,886,893	85	171,981,362	80
TOTAL	\$ 268,876,505	100	\$ 214,914,221	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current	\$ 11,749	-	\$ 221	-
Financial liabilities for hedging - current	8,610,015	3	239	-
Notes and accounts payable	1,222,410	-	1,198,647	1
Contract liabilities current	18,584,287	7	17,065,481	8
Accounts payable - related parties	1,469,434	1	1,583,684	1
Other payables	10,892,203	4	11,739,301	5
Provisions - current	-	-	268,901	-
Lease liabilities - current	695,215	-	-	-
Bonds payable and put option of convertible bonds - current portion	10,000,000	4	4,445,900	2
Loans and debts - current portion	13,708,320	5	15,335,005	7
Capital lease obligations - current portion	-	-	596,000	-
Other current liabilities	2,806,540	1	2,946,455	1
Total current liabilities	68,000,173	25	55,179,834	25
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current	42,420,205	16	-	-
Bonds payable	22,352,625	8	28,773,710	13
Loans and debts	48,618,168	18	56,827,738	27
Lease liabilities - non-current	10,909,262	4	-	-
Contract liabilities	2,236,311	1	1,903,665	1
Provisions	9,431,736	4	7,730,114	4
Deferred tax liabilities	399,253	-	21,195	-
Accrued pension costs	7,588,745	3	6,932,783	3
Other non-current liabilities	366,255	-	463,610	-
Total non-current liabilities	144,322,560	54	102,652,815	48
Total liabilities	212,322,733	79	157,832,649	73
EQUITY				
Share capital	54,209,846	20	54,209,846	25
Capital surplus	2,488,907	1	1,241,214	1
Retained earnings				
Legal reserve	466,416	-	351,923	-
Special reserve	12,967	-	118,810	-
Unappropriated retained earnings (accumulated deficits)	(1,777,225)	-	1,144,928	1
Total retained earnings	(1,297,842)	-	1,615,661	1
Other equity	1,196,233	-	58,223	-
Treasury shares	(43,372)	-	(43,372)	-
Total equity	56,553,772	21	57,081,572	27
TOTAL	\$ 268,876,505	100	\$ 214,914,221	100

CHINA AIRLINES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
REVENUE	\$ 146,372,401	100	\$ 150,264,792	100
COSTS	<u>135,008,166</u>	<u>92</u>	<u>137,614,956</u>	<u>92</u>
GROSS PROFIT	11,364,235	8	12,649,836	8
OPERATING EXPENSES	<u>11,284,000</u>	<u>8</u>	<u>10,802,269</u>	<u>7</u>
OPERATING PROFIT	<u>80,235</u>	<u>-</u>	<u>1,847,567</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	524,233	-	420,416	-
Other gains and losses	(569,582)	-	(559,230)	-
Finance costs	(3,034,172)	(2)	(1,312,044)	(1)
Share of the profit of associates and joint ventures	<u>1,811,960</u>	<u>1</u>	<u>1,918,922</u>	<u>1</u>
Total non-operating income and expenses	<u>(1,267,561)</u>	<u>(1)</u>	<u>468,064</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	(1,187,326)	(1)	2,315,631	1
INCOME TAX EXPENSE	<u>12,472</u>	<u>-</u>	<u>525,270</u>	<u>-</u>
NET INCOME (LOSS)	<u>(1,199,798)</u>	<u>(1)</u>	<u>1,790,361</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Loss on hedging instruments subject to basis adjustments	(17,705)	-	23,884	-
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	24,490	-	(23,830)	-
Remeasurement of defined benefit plans	(562,259)	-	(674,905)	-
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method	(72,718)	-	(105,569)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	101,259	-	127,120	-

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CHINA AIRLINES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (59,174)	-	\$ 34,140	-
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method	(13,259)	-	29,573	-
Gain on hedging instruments not subject to basis adjustment	1,425,306	1	75,454	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(273,227)</u>	<u>-</u>	<u>(18,193)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>552,713</u>	<u>1</u>	<u>(532,326)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ (647,085)</u>	<u>-</u>	<u>\$ 1,258,035</u>	<u>1</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ (0.22)</u>		<u>\$ 0.33</u>	
Diluted	<u>\$ (0.22)</u>		<u>\$ 0.32</u>	

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

(Concluded)

Please refer to China Airlines websites for the complete financial report.
<https://www.china-airlines.com/tw/en/investor-relations/index>

CHINA AIRLINES, LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Other Equity							Total Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets		Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges	Gain (Loss) on Hedging Instruments	Treasury Shares Held by Subsidiaries
BALANCE AT JANUARY 1, 2018	\$ 54,709,846	\$ 799,999	\$ 206,092	\$ -	\$ 1,458,313	\$ (34,986)	\$ 1,774	\$ -	\$ (74,429)	\$ -	\$ (43,372)	\$ 57,023,237
Effect of retrospective application and retrospective restatement	-	-	-	-	60	-	(1,774)	-	74,429	-	-	40,637
BALANCE AT JANUARY 1, 2018 AS RESTATED	54,709,846	799,999	206,092	-	1,458,373	(34,986)	-	42,351	(74,429)	-	(43,372)	57,063,874
Issuance of convertible bonds	-	409,978	-	-	-	-	-	-	-	-	-	409,978
Basis adjustments to gain on hedging instruments	-	-	-	-	-	-	-	-	-	12,118	-	12,118
Appropriation of 2017 earnings	-	-	145,831	-	(145,831)	-	-	-	-	-	-	-
Legal reserve	-	-	-	118,810	(118,810)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(1,193,670)	-	-	-	-	-	-	(1,193,670)
Cash dividends - \$0.21820086 per share	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from dividends distributed to subsidiaries	-	630	-	-	-	-	-	-	-	-	-	630
Net income for the year ended December 31, 2018	-	-	-	-	1,790,361	-	-	-	-	-	-	1,790,361
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	(645,495)	25,322	-	268	-	87,579	-	(532,326)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,144,866	25,322	-	268	-	87,579	-	1,258,035
Treasury shares acquired	-	-	-	-	-	-	-	-	-	-	(469,393)	(469,393)
Treasury shares retired	(500,000)	30,607	-	-	-	-	-	-	-	-	469,393	-
BALANCE AT DECEMBER 31, 2018	54,209,846	1,241,214	351,923	118,810	1,144,928	(9,664)	-	42,619	-	25,268	(43,372)	57,081,572
Basis adjustments to gain on hedging instruments	-	-	-	-	-	-	-	-	-	(603)	-	(603)
Appropriation of 2018 earnings	-	-	114,493	-	(114,493)	-	-	-	-	-	-	-
Legal reserve	-	-	-	(105,843)	105,843	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(1,136,278)	-	-	-	-	-	-	(1,136,278)
Cash dividends - \$0.20960737 per share	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	606	-	-	-	-	-	-	-	-	-	606
Actual disposal or acquisition of interests in subsidiaries	-	1,247,087	-	-	-	-	-	-	-	-	-	1,247,087
Net loss for the year ended December 31, 2019	-	-	-	-	(1,199,798)	-	-	-	-	-	-	(1,199,798)
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(577,427)	(53,411)	-	64,538	-	1,119,013	-	552,713
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(1,777,225)	(53,411)	-	64,538	-	1,119,013	-	(647,085)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	8,368	-	105	-	-	-	8,473
BALANCE AT DECEMBER 31, 2019	\$ 54,209,846	\$ 2,488,907	\$ 466,416	\$ 12,967	\$ (1,777,225)	\$ (54,707)	\$ -	\$ 107,262	\$ -	\$ 1,145,678	\$ (43,372)	\$ 56,553,772

CHINA AIRLINES, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ (1,187,326)	\$ 2,315,631
Adjustments for:		
Expected credit loss recognized on trade receivables	24,000	50,000
Depreciation expenses	29,398,635	18,192,291
Amortization expenses	165,981	165,050
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(25,700)	(11,076)
Interest income	(314,944)	(274,189)
Dividend income	(10,112)	(9,603)
Share of profit of associates and joint ventures	(1,811,960)	(1,918,922)
Loss (gain) on disposal of property, plant and equipment	(26,377)	273,308
Gain on disposal of investments accounted for using the equity method	(7,656)	(450,195)
Loss on disposal of non-current assets held for sale	10,462	368,992
Loss on inventories and property, plant and equipment	571,960	623,012
Impairment loss recognized on property, plant and equipment	-	50,000
Net gain on foreign currency exchange	41,292	288,598
Finance costs	3,034,172	1,312,044
Recognition of provisions	3,616,519	2,566,045
Amortization of unrealized gain on sale-leasebacks	-	(13,888)
Loss on sale-leasebacks	103,775	-
Others	5	-
Impairment loss recognized on non-current assets held for sale	-	75,437
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	25,266	11,076
Financial liabilities mandatorily classified as at fair value through profit or loss	11,528	(9,359)
Notes and accounts receivable	1,507,192	(1,260,344)
Accounts receivable - related parties	65,925	212,277
Other receivables	101,047	(94,232)
Inventories	(128,037)	(225,553)
Other current assets	351,186	62,151
Notes and accounts payable	53,077	878,219
Accounts payable - related parties	(114,250)	89,678
Other payables	(731,599)	513,674
Contract liabilities	1,851,452	3,102,855
Provisions	(1,970,226)	(2,539,210)
Other current liabilities	(120,655)	10,515
Accrued pension liabilities	93,703	99,135
Cash generated from operations	34,578,335	24,453,417
Interest received	307,503	244,604
Dividends received	940,039	624,834
Interest paid	(3,038,729)	(1,242,278)
Income tax paid	(41,260)	(19,085)
Net cash generated from operating activities	<u>32,745,888</u>	<u>24,061,492</u>

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CHINA AIRLINES, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	\$ (1,467,317)	\$ (2,310,000)
Disposal of financial assets at amortized cost	2,310,000	-
Acquisition of investments accounted for by the equity method	(35,525)	(243,743)
Payments for property, plant and equipment	(2,397,742)	(2,561,987)
Proceeds from disposal of property, plant and equipment	38,596	330,136
Proceeds from disposal of non-current assets held for sale	35,692	688,427
Proceeds from disposal of investments accounted for using the equity method	1,713,825	-
Increase in refundable deposits	(387,244)	(51,378)
Decrease in refundable deposits	104,825	103,593
Increase in prepayments for equipment	(13,699,043)	(13,798,867)
Increase in computer software costs	<u>(157,571)</u>	<u>(155,431)</u>
Net cash used in investing activities	<u>(13,941,504)</u>	<u>(17,999,250)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of the principal portion of lease liabilities	(9,666,313)	-
Payments for buy-back of treasury shares	-	(469,393)
Proceeds from issuance of bonds payable	3,500,000	10,512,000
Repayments of bonds payable	(4,445,900)	(2,700,000)
Proceeds from sale-leasebacks	4,905,660	-
Proceeds from long-term borrowings	5,500,000	17,200,000
Repayments of long-term borrowings and capital lease obligations	(15,336,255)	(27,339,868)
Proceeds from guarantee deposits received	167,034	118,367
Refunds of guarantee deposits received	(133,938)	(67,905)
Dividends paid to owners of the Company	<u>(1,136,278)</u>	<u>(1,193,670)</u>
Net cash used in financing activities	<u>(16,645,990)</u>	<u>(3,940,469)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(220,402)</u>	<u>2,690</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	1,937,992	2,124,463
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>18,688,022</u>	<u>16,563,559</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 20,626,014</u>	<u>\$ 18,688,022</u>

Please refer to China Airlines websites for the complete financial report.
<https://www.china-airlines.com/tw/en/investor-relations/index>