

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中國國際航空股份有限公司
AIR CHINA LIMITED

(incorporated in the PRC with limited liability)

(Stock Code: 753)



中航興業有限公司

CHINA NATIONAL AVIATION COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 1110)

JOINT ANNOUNCEMENT

PROPOSED PRIVATIZATION OF CHINA NATIONAL AVIATION COMPANY LIMITED BY AIR CHINA LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 166 OF THE COMPANIES ORDINANCE

RESULTS OF THE COURT MEETING AND THE EXTRAORDINARY GENERAL MEETING AND RESUMPTION OF TRADING

Financial adviser to China National Aviation Company Limited



Citigroup Global Markets Asia Limited

**Independent financial adviser to the Independent Board Committee
of China National Aviation Company Limited**



CLSA Equity Capital Markets Limited

Exclusive financial advisers to Air China Limited



CICC
中國國際金融(香港)有限公司
CHINA INTERNATIONAL CAPITAL
CORPORATION (HONGKONG) LIMITED

**China International Capital
Corporation (Hong Kong) Limited**



Merrill Lynch

Merrill Lynch (Asia Pacific) Limited

RESULTS OF THE COURT MEETING AND THE EXTRAORDINARY GENERAL MEETING
The Scheme was approved at the Court Meeting and the Extraordinary General Meeting.

CURRENT STATUS OF THE CONDITIONS OF THE PROPOSAL

Minority Shareholders, holders of Options and/potential investors in CNAC should be aware that the implementation of the privatization proposal and the Scheme is still subject to the Conditions (c), (d), (e), (f) and (g) as set out on page 36 of the Scheme Document being fulfilled or waived, as applicable, and therefore the privatization proposal and the Scheme may or may not become effective.

Subject to such Conditions of the Scheme being fulfilled or waived, as applicable, the Scheme is expected to become effective on the Effective Date, which is expected to be Wednesday, 10 January 2007. The Scheme will lapse if it does not become effective on or before Tuesday, 10 April 2007 or such later date as the Court may approve and the Minority Shareholders and Option holders will be notified accordingly by press announcement(s).

Minority Shareholders, holders of Options and/or potential investors in CNAC are advised to exercise extreme caution when dealing in the Shares and/or Options.

REGISTRATION AND PAYMENT

In order to qualify for entitlements under the Scheme, the Minority Shareholders should ensure that their Shares are registered or lodged for registration in their names or in the names of their nominees with share registrar of CNAC, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 8 January 2007. If the Scheme becomes effective on Wednesday, 10 January 2007, cheques for payments of monetary entitlements under the Scheme will be sent on or before Saturday, 20 January 2007.

RESUMPTION OF TRADING

At the request of CNAC, trading in the Shares was suspended with effect from 9:30 a.m. on Friday, 15 December 2006, pending the release of this announcement. An application has been submitted to the Stock Exchange requesting the resumption of trading in the Shares with effect from 9:30 a.m. Monday, 18 December 2006.

INTRODUCTION

This announcement is made further to the scheme document dated 16 November 2006 (the "Scheme Document") sent by CNAC to the Minority Shareholders and Option holders regarding the proposed privatization of CNAC by Air China by way of a scheme of arrangement under Section 166 of the Companies Ordinance. Terms defined in the Scheme Document shall have the same meanings when used in this announcement unless otherwise stated.

RESULTS OF THE COURT MEETING AND THE EXTRAORDINARY GENERAL MEETING

The directors of CNAC and the directors of Air China jointly announce that the results of the Court Meeting and the Extraordinary General Meeting both held on Friday, 15 December 2006 are as follows:

(i) Court Meeting

	Votes cast by the Minority Shareholders (other than (i) those who are acting in concert with Air China and (ii) Merrill Lynch International (Note 1)) either in person or by proxy	Votes cast by the Minority Shareholders (other than (i) those who are acting in concert with Air China and (ii) Merrill Lynch International (Note 1)) either in person or by proxy in favour of the Scheme	Votes cast by the Minority Shareholders (other than (i) those who are acting in concert with Air China and (ii) Merrill Lynch International (Note 1)) either in person or by proxy against the Scheme
Number of Shares represented	765,748,128	763,506,128 (Note 2)	2,242,000 (Note 3)
Number of Minority Shareholders	38	38	1

Notes:

1. Merrill Lynch International is recognised by the Executive as an exempt principal trader and, under the Takeovers Code, is not deemed to be a party acting in concert with Air China. However, as an exempt principal trader connected with Air China, it is prohibited to vote at the Court Meeting under Rule 35.4 of the Takeovers Code and the Shares held by it will be excluded from the total number of disinterested Shares for the purpose of the voting requirement under Rule 2.10 of the Takeovers Code.
2. Such number represents approximately 99.71% of the number of Shares held by all the Minority Shareholders other than (i) those acting in concert with Air China and (ii) Merrill Lynch International, present and voting either in person or by proxy at the Court Meeting, and approximately 72.85% of the number of Shares held by the Minority Shareholders.
3. Such number represents approximately 0.29% of the number of Shares held by all the Minority Shareholders other than (i) those acting in concert with Air China and (ii) Merrill Lynch International, present and voting either in person or by proxy at the Court Meeting, and approximately 0.21% of the number of Shares held by the Minority Shareholders.

At the Court Meeting, a total of 38 Minority Shareholders voted either in person or by proxy of whom 1 Minority Shareholder being HKSCC Nominees Limited voted both in favour of and against the Scheme.

The Scheme was approved (by way of a poll) by a majority in number representing not less than three-fourths in value of the Shares held by the Minority Shareholders other than those who are acting in concert with Air China that are cast either in person or by proxy at the Court Meeting and the Scheme was not disapproved (by way of poll) as the number of votes cast against the resolution to approve the Scheme is not more than 10% of the votes attached to all of the Shares of all the Minority Shareholders other than those acting in concert with Air China.

The directors of CNAC and Air China were not aware of any votes being represented or cast by Air China, any party acting in concert with Air China, or Merrill Lynch International at the Court Meeting.

(ii) Extraordinary General Meeting

At the Extraordinary General Meeting, voting by way of poll was demanded by the chairman of the Extraordinary General Meeting. All holders of the Shares, including Air China and parties acting in concert or connected with Air China, are entitled under the articles of association of CNAC to attend and vote at the Extraordinary General Meeting.

	Votes cast in person or by proxy	Votes cast in person or by proxy in favour of the special resolution	Votes cast in person or by proxy against the special resolution
Number of Shares represented	3,033,411,000	3,031,153,000 (amounting to approximately 99.93% of the Shares voted at the Extraordinary General Meeting)	2,258,000 (amounting to approximately 0.07% of the Shares voted at the Extraordinary General Meeting)

The special resolution to approve and give effect to the Scheme was duly passed by a majority of at least three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the Extraordinary General Meeting.

CNAC appointed its share registrar, Computershare Hong Kong Investor Services Limited, as the scrutineer at the Court Meeting and the Extraordinary General Meeting.

CURRENT STATUS OF THE CONDITIONS OF THE SCHEME

Minority Shareholders, holders of Options and/or potential investors in CNAC should be aware that the implementation of the privatization proposal and the Scheme is still subject to satisfaction or waiver (as applicable) of the Conditions (c), (d), (e), (f) and (g) as set out on page 36 of the Scheme Document, and therefore the privatization proposal and the Scheme may or may not become effective.

Subject to all the Conditions of the Scheme being fulfilled or waived, as applicable, the Scheme is expected to become effective on Wednesday, 10 January 2007. The Scheme will lapse if it does not become effective on or before Tuesday, 10 April 2007 (or such other date as the Court may direct) and in such event, Minority Shareholders and holders of Options will be notified by press announcement accordingly.

It is the intention of Air China that the listing of the Shares on the Stock Exchange will be withdrawn if the Scheme becomes effective and be maintained if the Scheme is withdrawn or lapses or is not approved.

Minority Shareholders, holders of Options and/or potential investors in CNAC are advised to exercise caution when dealing in the Shares and/or Options.

EXPECTED TIMETABLE

Resumption of dealings in the Shares	9:30 a.m. on Monday, 18 December 2006
Last day for dealing in the Shares	Thursday, 4 January 2007
Latest time for lodging transfers of the Shares in order to be registered as a member of CNAC at the Record Time	4:00 p.m. on Monday, 8 January 2007
Court hearing of petition to sanction the Scheme	Tuesday, 9 January 2007
Record Time	4:00 p.m. on Tuesday, 9 January 2007
Press announcement of the result of the Court hearing of the petition to sanction the Scheme	Wednesday, 10 January 2007
Effective Date (<i>Note 1</i>)	Wednesday, 10 January 2007
Withdrawal of the listing of the Shares on the Stock Exchange	9:30 a.m. on Thursday, 11 January 2007
Press announcement of the Effective Date and the withdrawal of the listing of the Shares	Thursday, 11 January 2007
Cheques for payments of monetary entitlements under the Scheme despatched on or before	Saturday, 20 January 2007

Shareholders should note that the above timetable, which is mainly dependent on the availability of the dates for the Court to hear the proceedings relating to the Scheme, is subject to change. Further announcement(s) will be made in the event that there is any change.

Note 1: The Scheme will become effective when it is sanctioned (with or without modification) by the Court and an office copy of the order of the Court, together with the minute containing the particulars required by Section 61 of the Companies Ordinance, are delivered to and registered by the Registrar of Companies. Registration is expected to take place on 10 January 2007.

APPLICATION FOR WITHDRAWAL OF LISTING

An application for the withdrawal of the listing of the Shares will be made to the Stock Exchange. Subject to the approval of the Stock Exchange, it is expected that the last day for dealings in the Shares on the Stock Exchange will be Thursday, 4 January 2007 and the listing of the Shares on the Stock Exchange will be withdrawn with effect from 9:30 a.m. on Thursday, 11 January 2007.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of CNAC, trading in the Shares was suspended with effect from 9:30 a.m. on Friday, 15 December 2006, pending the release of this announcement. An application has been submitted to the Stock Exchange requesting the resumption of trading in the Shares with effect from 9:30 a.m. Monday, 18 December 2006.

REGISTRATION AND PAYMENT

In order to qualify for entitlements under the Scheme, the Minority Shareholders should ensure that their Shares are registered or lodged for registration in their names or in the names of their nominees with share registrar of CNAC, Computershare Hong Kong Investor Services Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 8 January 2007. If the Scheme becomes effective on Wednesday, 10 January 2007, cheques for payments of monetary entitlements under the Scheme will be sent on or before Saturday, 20 January 2007.

CNAC and Air China hereby remind their respective associates of the dealing restrictions under the Takeovers Code, and to disclose their permitted dealings, if any, in any securities of CNAC.

By order of the Board
Air China Limited
Li Jiexiang
Chairman

By order of the Board
China National Aviation Company Limited
Kong Dong
Chairman

Hong Kong, 15 December 2006

The directors of Air China jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the CNAC Group) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by CNAC) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the CNAC Group) not contained in this announcement, the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the board of directors of Air China comprises Li Jiexiang, Kong Dong, Wang Shixiang, Yao Weiting, Christopher Pratt as non-executive directors, Ma Xulun, Cai Jianjiang, Fan Cheng as executive directors, and Hu Hung Lick, Henry, Wu Zhipan, Zhang Ke and Jia Kang as independent non-executive directors.

The directors of CNAC jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the CNAC Group and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement relating to the CNAC Group have been arrived at after due and careful consideration and there are no other facts relating to the CNAC Group not contained in this announcement, the omission of which would make any statements in this announcement relating to the CNAC Group misleading.

As at the date of this announcement, the board of directors of CNAC comprises Kong Dong, Chuang Shih Ping, Zhang Xianlin, Zhao Xiaohang, Tsang Hing Kwong, Thomas, Gu Tiefei as executive directors, Lok Kung Nam, Hu Hung Lick, Henry, Ho Tsu Kwok, Charles, Li Kwok Heem, John, Chan Ching Har, Eliza as independent non-executive directors.

“Please also refer to the published version of this announcement in The Standard.”