



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



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

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 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

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

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.