



中國國際航空股份有限公司  
AIR CHINA LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 753)

**UPDATE ON STATUS OF PUBLIC FLOAT**

Reference is made to the joint announcement issued by the Company, Cathay, CNAC Limited, CITIC Pacific and SPAC on 8th June 2006, the circular to the Shareholders issued by the Company dated 3 July 2006 (the *Circular*), and the results of the general meeting of the Company held on 23 August 2006, regarding, inter alia, the Company's proposed issuance of additional H Shares to Cathay pursuant to the Restructuring Agreement (the *New Share Issuance*). Unless otherwise defined, capitalised terms in the Circular have the same meanings when used in this announcement.

The purpose of this announcement is to provide the Shareholders with an update on the status of the Company's public float issue as a result of the review of the Exchange's decision and the Company's subsequent issuance of A shares. Details of the relevant background and reasons for the Company's request for a review of the Exchange's decision are set out in the letter from the Board and the letter from the Independent Financial Adviser of the Circular.

On 16 June 2006, the listing division of the Exchange (the *Listing Division*) rejected the Company's application for a waiver from strict compliance with the minimum public float requirement under the Listing Rules. At the request of the Company, on 1 August 2006, the listing committee of the Exchange (the *Listing Committee*) conducted a review of the Listing Division's decision. Subsequent to the said review, on 8 August 2006, the Listing Committee resolved to reverse the decision of the Listing Division and granted a temporary public float waiver to the Company for a period of three months from the completion of the New Share Issuance.

Further to the decision of the review, on 18 August 2006, the Company successfully completed its issuance of A shares, details of which are set out in the announcement issued by the Company on 17 August 2006.

The Restructuring Agreement became unconditional on 22 September 2006 and the New Share Issuance is expected to take place on 27 September 2006. As a result of Company's issuance of A shares, the Board expects that the public float of the Company immediately upon the New Share Issuance will become approximately 31.01%, which would be in excess of 24.20%, being the minimum public float as required under the Listing Rules and the waiver granted by the Exchange to the Company dated 25 November 2004.

*As at the date of this announcement, the directors of the Company are:*

*Non-Executive Directors: Li Jiayang (Chairman), Kong Dong, Christopher Pratt, Wang Shixiang, Yao Weiting;*

*Executive Directors: Ma Xulun, Cai Jianjiang, Fan Cheng; and*

*Independent Non-Executive Directors: Hu Hung Lick, Henry, Wu Zhipan, Zhang Ke and Jia Kang.*

By order of the Board of  
**Air China Limited**  
**Zheng Baoan Li Man Kit**  
*Joint Company Secretaries*

Beijing, 25th September 2006