



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

EFFECTIVE DATE OF THE SCHEME AND WITHDRAWAL OF LISTING AND CLOSE OF OFFER UNDER THE OPTION PROPOSAL

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

THE SCHEME BECOMES EFFECTIVE

The Scheme was sanctioned and the reduction of the share capital of CNAC involved in the Scheme was confirmed by the Court on Tuesday, 23 January 2007. An office copy of the order of the Court with a minute relating to the reduction of the share capital of CNAC and containing the particulars required by Section 61 of the Companies Ordinance was delivered to the Registrar of Companies in Hong Kong on Tuesday, 23 January 2007 and the Scheme was effective upon the registration on Wednesday, 24 January 2007.

WITHDRAWAL OF LISTING

The withdrawal of listing of the Shares on the Main Board of the Stock Exchange will become effective at 9:30 a.m. on Thursday, 25 January 2007.

INTRODUCTION

Reference is made to the joint announcement dated 23 January 2007 issued by CNAC and Air China and the scheme document dated 16 November 2006 (the "Scheme Document") despatched 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.

THE SCHEME BECOMES EFFECTIVE

The Scheme was sanctioned and the reduction of the share capital of CNAC involved in the Scheme was confirmed by the Court on Tuesday, 23 January 2007. An office copy of the order of the Court with a minute relating to the reduction of the share capital of CNAC and containing the particulars required by Section 61 of the Companies Ordinance was delivered to the Registrar of Companies in Hong Kong on Tuesday, 23 January 2007. Upon the registration of the office copy of the order of the Court with a minute relating to the reduction of the share capital of CNAC on Wednesday, 24 January 2007, all conditions of the Scheme set out in the Scheme Document were thereby fulfilled or waived (as appropriate), and the Scheme was thereupon effective.

WITHDRAWAL OF LISTING

The withdrawal of listing of the Shares on the Main Board of the Stock Exchange will become effective at 9:30 a.m. on Thursday, 25 January 2007.

CLOSE OF OFFER UNDER THE OPTION PROPOSAL

Reference is made to the letter to Option holders dated 16 November 2006, the accompanying form of acceptance and the Scheme Document. The Option proposal has become unconditional upon the Scheme becoming effective. Holders of outstanding Options are entitled to accept the offer under the Option proposal within 14 days of 24 January 2007, being the effective date of the Scheme, in accordance with the terms and conditions set out in the letter to Option holders, the share option scheme of CNAC and the Scheme Document (the "Terms").

As at the date of this announcement, the holders of outstanding Options are Mr. Chuang Shih Ping, Mr. Tsang Hing Kwong, Thomas, Mr. Zhang Xianlin and Mr. Gu Tiefei. Each of Mr. Chuang Shih Ping and Mr. Tsang Hing Kwong, Thomas, together holding a total of 66,252,000 outstanding Options, has accepted the Option proposal in accordance with the Terms. Mr. Zhang Xianlin and Mr. Gu Tiefei, holding respectively 33,126,000 and 5,000,000 outstanding Options, will not accept any of Air China's proposed offer to acquire his outstanding Options for cancellation before their expiry pursuant to their respective undertakings details of which are disclosed in the Scheme Document. As such, the offer under the Option proposal was closed at 4:00 p.m. on 24 January 2007.

DESPATCH OF CHEQUES FOR PAYMENT OF MONETARY ENTITLEMENTS UNDER THE SCHEME AND THE OPTION PROPOSAL

In accordance with the terms of the Scheme, the cheques for payment of the monetary entitlements under the Scheme will be despatched on or before Saturday, 3 February 2007. Pursuant to the terms and conditions set out in the letter to Option holders and the share option scheme of CNAC, cheques for payment of monetary entitlements under the Option proposal will be despatched to Mr. Chuang Shih Ping and Mr. Tsang Hing Kwong, Thomas on or before Saturday, 3 February 2007, being the tenth day of the Effective Date.

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

By order of the Board
China National Aviation Company Limited
Li Man Kit
Company Secretary

Hong Kong, 24 January 2007

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.”