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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: 00753)

**ANNOUNCEMENT OF
EXPECTED INCREASE IN PROFIT FOR 2009 INTERIM RESULTS
AND ANNOUNCEMENT IN RELATION TO FUEL HEDGING ACTIVITIES
(Overseas Regulatory Announcement)**

This announcement is issued by Air China Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

ANNOUNCEMENT ON THE EXPECTED INCREASE IN PROFIT FOR 2009 INTERIM RESULTS

I. Estimated results of the period

1. Period: the estimated results apply to the period from 1 January 2009 to 30 June 2009
2. Estimated results: the finance department of the Company has, based on the financial data for the period from January to June 2009 and applying the PRC Accounting Standards, made a preliminary estimate that there will be not less than 50% growth in the interim results of the Company for 2009 compared with the corresponding period last year. Detailed financial information will be disclosed in the Company’s 2009 interim results.
3. The estimated results set forth here have not been audited by certified auditors.

II. Results of the corresponding period in 2008

1. Net profit attributable to shareholders of the Company’s parent company i.e. China National Aviation Holding Company: RMB1,282 million
2. Basic earnings per share: RMB0.11

III. Reasons for the expected increase in profits

The expected increase in profit is mainly due to the favourable conditions such as a fall in fuel purchase cost as compared to the corresponding period last year, a stable growth in the domestic air passenger market, implementation of industry support policies prescribed by the State and effective cost control by the Company. Further, the significant decrease in the negative fair value from fuel hedging contracts as of 30 June 2009 compared with that as of 31 December 2008 also attributed to the increase in the Company's results for the said period.

ANNOUNCEMENT IN RELATION TO FUEL HEDGING ACTIVITIES

On 27 February 2009, the Company issued an announcement in relation to its fuel hedging activities setting out a sensitivity analysis conducted on the fair value of its fuel hedging contracts as of 31 December 2009.

Since the first half of 2009, the international oil price continued to fluctuate with an upward trend. The closing price of the West Texas Intermediate (WTI) crude oil on the New York Mercantile Exchange on 30 June 2009 was US\$69.89 per barrel, representing an increase of 56.70% compared to the price of US\$44.60 per barrel on 31 December 2008, beyond the scope of oil price fluctuation as specified in the Company's announcement dated 27 February 2009. It is expected that the oil price movement in the futures market, volatility rate of oil price, convergence rates and other parameters adopted in evaluating the fair value of the fuel hedging contracts have changed due to the changes in market conditions.

Pursuant to regulatory requirements requiring a further announcement regarding the impact of the change in oil price on the fair value loss/gain arising from the fuel hedging activities of the Company in 2009, the Company sets out below the sensitivity analysis which is based on the major parameters adopted by an independent third party valuation firm in evaluating the fair value of the fuel hedging contracts as of 30 June 2009, conducted in accordance with the amount and prices of the contracts of the Company as of 30 June 2009 and after taking into consideration the impact of actual settlement of the fuel hedging contracts for the second half of 2009:

Increase in WTI closing price as compared to that as of 31 December 2008 and corresponding price	Decrease in negative fair value as of 31 December 2009 as compared to that as of 31 December 2008 (in US\$ million)
40% (US\$62.44 per barrel)	609
60% (US\$71.36 per barrel)	752
80% (US\$80.28 per barrel)	854

Investors are reminded to note that the assumptions adopted under the above sensitive analysis are based on projection on future market movements based on currently available market information. Therefore, it is likely that the projection may, to a certain extent, be different from the actual situation on 31 December 2009. Accordingly, the actual fair value of fuel hedging contracts on 31 December 2009 may differ from the results of the above analysis.

By Order of the Board
Air China Limited
Huang Bin Tam Shuit Mui
Joint Company Secretaries

Beijing, the PRC, 14 July 2009

As at the date of this announcement, the Directors of the Company are Mr. Kong Dong, Ms. Wang Yinxiang, Mr. Wang Shixiang, Mr. Cao Jianxiong, Mr. Christopher Dale Pratt, Mr. Chen Nan Lok, Philip, Mr. Cai Jianjiang, Mr. Fan Cheng, Mr. Hu Hung Lick, Henry, Mr. Zhang Ke*, Mr. Jia Kang* and Mr. Fu Yang*.*

** Independent non-executive Director of the Company*