



中航興業有限公司

CHINA NATIONAL AVIATION COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 1110)

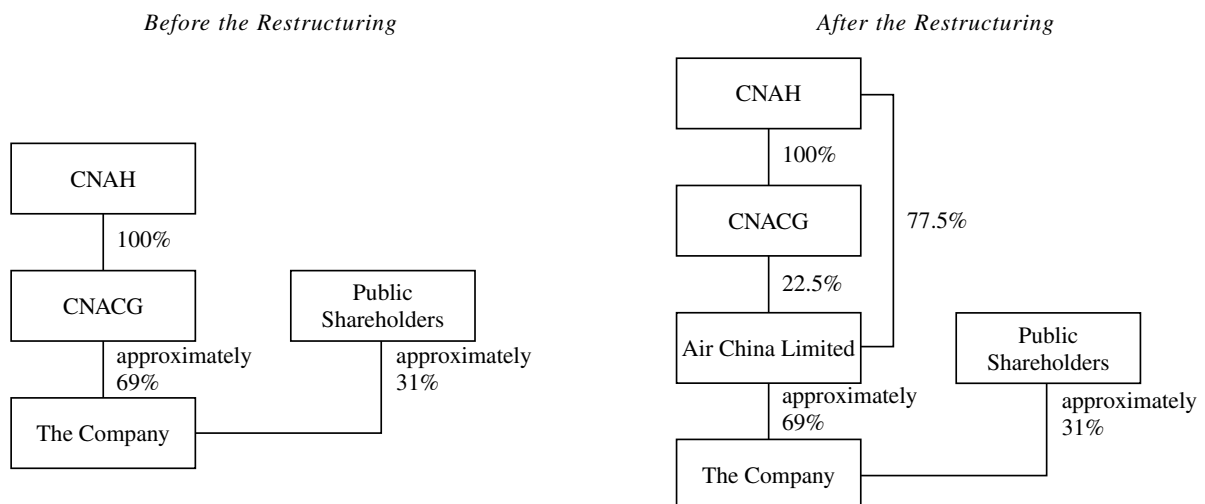
CHANGE IN IMMEDIATE CONTROLLING SHAREHOLDER OF THE COMPANY

The Company announces that it has been informed by its ultimate controlling shareholder, CNAH, that as a part of the Restructuring of CNAH and a number of its subsidiaries, the immediate approximately 69% controlling interest in the Company held by CNACG has been transferred to Air China Limited by way of a capital contribution. Consequently, Air China Limited has become the immediate controlling shareholder of the Company in substitution for CNACG. Since Air China Limited and CNACG are ultimately both wholly-owned by CNAH, there has been no change in the ultimate beneficial ownership of the approximately 69% shareholding interest in the Company as a result of the Restructuring.

CHANGE IN CONTROLLING SHAREHOLDER OF THE COMPANY

The Company has been informed by its ultimate controlling shareholder, CNAH, that as a part of the Restructuring of CNAH and a number of its subsidiaries, the immediate approximately 69% controlling interest in the Company held by CNACG has been transferred to Air China Limited by way of a capital contribution. Pursuant to the Restructuring, Air China Limited was established under the Company Law of the PRC on 30 September 2004 as a joint stock company with limited liability to, among other things, hold ownership interests in certain companies including the Company, and become the principal company through which the passenger and air cargo transport operations of the CNAH group are conducted.

Set out below is the simplified shareholding structure of the Company before and immediately after the completion of the Restructuring:



As illustrated by the diagrams above, Air China Limited has become the immediate controlling shareholder of the Company as a result of the Restructuring in substitution for CNACG. Since Air China Limited and CNACG are ultimately both wholly-owned by CNAH, there has been no change in the ultimate beneficial ownership of the approximately 69% shareholding interest in the Company as a result of the Restructuring. Furthermore, there will be no change to the Company's businesses or the businesses conducted by CNAH and its subsidiaries other than the Company as a result of the Restructuring. CNAH and Air China Limited have obtained a waiver from the Securities and Futures Commission that Air China Limited and its concerted parties would not be required to make a mandatory cash offer for all the issued shares in the Company not already owned by them under the Takeovers Code upon the transfer of the immediate controlling interest in the Company pursuant to the Restructuring.

DEFINITIONS

"Air China Limited"	Air China Limited, a joint stock limited company incorporated under the laws of the PRC and established as part of the Restructuring, 77.5% of its share capital is owned by CNAH and 22.5% of its share capital is owned by CNACG
"Board"	The board of Directors
"CNACG"	China National Aviation Corporation (Group) Limited, a company incorporated under the laws of Hong Kong with limited liability which is wholly-owned by CNAH
"CNAH"	China National Aviation Holding Company, a state-owned enterprise incorporated under the laws of the PRC
"Company"	China National Aviation Company Limited, a company incorporated under the laws of Hong Kong with limited liability and whose shares are listed on the Stock Exchange, approximately 69% of which are owned by CNACG
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China
“Restructuring”	the restructuring of CNAH and its subsidiaries pursuant to which, among other things, Air China Limited was incorporated and CNACG’s interest in the Company was transferred to Air China Limited as a capital contribution
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

As of the date of this announcement, the executive Directors of the Company are Messrs. Kong Dong, Chuang Shih Ping, Zhang Xianlin, Tsang Hing Kwong, Thomas, Gu Tiefert and Zhao Xiaohang and the independent non-executive Directors are Messrs. Lok Kung Nam, Hu Hung Lick, Henry, Ho Tsu Kwok, Charles, Li Kwok Heem, John and Chan Ching Har, Eliza.

By Order of the Board
Li Man Kit
Company Secretary

Hong Kong, 30 September 2004

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

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