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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

SATISFACTION OF PRE-CONDITION AND DELAY IN DESPATCH OF THE SCHEME DOCUMENT

Completion of the transactions contemplated under the Restructuring Agreement took place on 28 September 2006. The Pre-Condition to the making of the Proposals by Air China was therefore satisfied.

Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Scheme Document should be sent to the Shareholders on or before 5 October 2006. However, the despatch of the Scheme Document has been delayed due to the additional time required for finalising the Scheme Document, accommodating Court Meeting arrangements and fixing court hearing dates. An application has been made to the Executive Director of the Corporate Finance Division of the SFC for an extension of time for the despatch of the Scheme Document. Accordingly, the Scheme Document is expected to be sent to the Shareholders on or before 16 November 2006.

Shareholders, Optionholders and/or potential investors in CNAC should be aware that the implementation of the Proposals is subject to satisfaction or waiver (as applicable) of the Conditions. Even if the Proposals are made, the Proposals may or may not become effective. Accordingly, Shareholders, Optionholders and/or potential investors in CNAC are advised to exercise caution when dealing in the Shares and/or Options.

INTRODUCTION

Reference is made to the joint announcement dated 21 June 2006 made by CNAC and Air China (the “**Announcement**”) in which it was announced, inter alia, that the Scheme would be put forward to the Scheme Shareholders regarding a proposed privatization of CNAC by way of a scheme of arrangement under Section 166 of the Companies Ordinance. Terms defined in the Announcement shall have the same meanings when used in this announcement.

SATISFACTION OF THE PRE-CONDITION

Completion of the transactions contemplated under the Restructuring Agreement took place on 28 September 2006. The Pre-Condition to the making of the Proposals by Air China was therefore satisfied.

DESPATCH OF THE SCHEME DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Scheme Document is required to be despatched to Shareholders within 7 days of the satisfaction of the Pre-Conditions, that is on or before 5 October 2006.

However, additional time is required for finalising the Scheme Document, accommodating Court Meeting arrangements and fixing court hearing dates. An application has been made to the Executive Director of the Corporate Finance Division of the SFC for an extension of time for the despatch of the Scheme Document. Accordingly, the Scheme Document is currently expected to be despatched to the Shareholders on or before 16 November 2006.

Shareholders, Optionholders and/or potential investors in CNAC should be aware that the implementation of the Proposals is subject to satisfaction or waiver (as applicable) of the Conditions. Even if the Proposals are made, the Proposals may or may not become effective. Accordingly, Shareholders, Optionholders and/or potential investors in CNAC are advised to exercise caution when dealing in the Shares and/or Options.

By order of the Board
Air China Limited
Li Jiexiang
Chairman

By order of the Board
China National Aviation Company Limited
Kong Dong
Chairman

Hong Kong, 28 September 2006

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 and Christopher Pratt as non-executive directors, Ma Xulun, Cai Jianjiang and Fan Cheng as executive directors, and Hu Hung Lick, Henry, Wu Zhipan, Zhang Ke and Jia Kang as independent non-executive directors.

Other than Mr. Li Kwok Heem, John who is not contactable and Mr. Ho Tsu Kwok, Charles who is out of town, the directors of CNAC jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Air China 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 Air China) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Air China 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 CNAC comprises Kong Dong, Chuang Shih Ping, Zhang Xianlin, Zhao Xiaohang, Tsang Hing Kwong, Thomas and Gu Tiefei as executive directors, Lok Kung Nam, Hu Hung Lick, Henry, Ho Tsu Kwok, Charles, Li Kwok Heem, John and Chan Ching Har, Eliza as independent non-executive directors.

“Please also refer to the published version of this announcement in the South China Morning Post”