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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
SANCTION OF THE SCHEME BY THE COURT**

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

SANCTION OF THE SCHEME BY THE COURT

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 is pending its registration.

Subject to the registration by the Registrar of Companies in Hong Kong of the copy of the order of the Court and a minute relating to the reduction of the share capital of CNAC as mentioned above, all the conditions of the Scheme as set out in the Scheme Document have been fulfilled or waived (as applicable) and the Scheme is expected to become effective on Wednesday, 24 January 2007.

INTRODUCTION

Reference is made to the joint announcement dated 20 December 2006 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.

SANCTION OF THE SCHEME BY THE COURT

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 is pending its registration.

Subject to the registration by the Registrar of Companies in Hong Kong of the copy of the order of the Court and a minute relating to the reduction of the share capital of CNAC as mentioned above, all the conditions of the Scheme as set out in the Scheme Document have been fulfilled or waived (as applicable) and the Scheme is expected to become effective on Wednesday, 24 January 2007.

WITHDRAWAL OF LISTING

The Stock Exchange has approved the withdrawal of listing of the Shares on the Stock Exchange with effect from 9:30 a.m. on Thursday, 25 January 2007, subject to the Scheme becoming effective and the procedural requirements having been complied with by CNAC. A joint announcement will be made by CNAC and Air China when the Scheme becomes effective.

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, 23 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.”