



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: 753)

Announcement on the CNACG's Proposal to Invest in and Form a Strategic Partnership with China Eastern Airlines

Air China Limited will pay close attention to the development of the proposal mentioned in the CNACG Announcement, and seriously consider CNACG's suggestion that the Company forms a strategic partnership with China Eastern Airlines and realises any synergies that may arise from such a strategic partnership. However, at present, the Company has not made any decision in respect of the proposal or suggestion by CNACG.

Air China Limited (the "Company") has noted, and wishes to draw its shareholders' attention to the announcement issued on 7 January 2008 by one of its substantial shareholders, China National Aviation Corporation (Group) Limited ("CNACG") (the "CNACG Announcement"), which has been published in the 7 January 2008 edition of the South China Morning Post and the Hong Kong Economics Times.

The CNACG Announcement refers to the circular issued by China Eastern Airlines Corporation Limited ("China Eastern Airlines") dated 23 November 2007 and states that, in the event that shareholders of China Eastern Airlines fail to approve the resolution on the subscription of the new H Shares of China Eastern Airlines by Singapore Airlines Limited and Temasek and other relevant resolutions (collectively, "Singapore Airlines Proposal") at the China Eastern Airlines' extraordinary general meeting to be held on 8 January 2008, CNACG intends to submit a proposal to the board of China Eastern Airlines within two weeks, in respect of CNACG's investment in China Eastern Airlines and its plans in respect of the formation of a strategic partnership with China Eastern Airlines.

According to the CNACG Announcement, as to the formation of a strategic partnership with China Eastern Airlines, CNACG will use its best efforts to procure the Company to launch a comprehensive cooperation with China Eastern Airlines in all aspects contemplated under the Singapore Airlines Proposal or otherwise.

As of the date of this announcement, the Company has not received any detailed suggestion or proposal from CNACG in respect of procuring the Company to launch a comprehensive cooperation with China Eastern Airlines. The Company will pay close attention to the development of the proposal mentioned in the CNACG Announcement, and seriously consider CNACG's suggestion that the Company forms a strategic partnership with China Eastern Airlines and realises any synergies that may arise from such a strategic partnership. However, at present, the Company has not made any decision in respect of the proposal or suggestion by CNACG.

This announcement is issued by the Company pursuant to Rule 13.09 of the Listing Rules.

By order of the Board
Huang Bin **Li Man Kit**
Joint Company Secretaries

Beijing, the PRC
7 January 2008

As at the date of this announcement, the Directors of the Company are Kong Dong, Wang Shixiang, Yao Weiting, Christopher Dale Pratt, Chen Nan Lok, Philip, Ma Xulun, Cai Jianjiang, Fan Cheng, Hu Hung Lick, Henry, Wu Zhipan*, Zhang Ke* and Jia Kang*.*

* *Independent non-executive Director of the Company*