

CHINA EASTERN AIRLINES CORP LTD

Form 6-K

June 17, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the month of June 2009

Commission File Number: 001-14550

China Eastern Airlines Corporation Limited

(Translation of Registrant's name into English)

2550 Hongqiao Road
Hongqiao Airport
Shanghai, China 200335

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F: Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): n/a

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

China Eastern Airlines Corporation Limited
(Registrant)

Date June 17, 2009

By: /s/ Luo Zhuping
Name: Luo Zhuping
Title: Company Secretary

Certain statements contained in this announcement may be regarded as "forward-looking statements" within the meaning of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. Further information regarding these risks, uncertainties and other factors is included in the Company's filings with the U.S. Securities and Exchange Commission. The forward-looking statements included in this announcement represent the Company's views as of the date of this announcement. While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company specifically disclaims any obligation to update these forward-looking statements, unless required by applicable laws. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this announcement.

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(A joint stock limited company incorporated in the PRC with limited liability)
(Stock code: 670)

MAJOR TRANSACTION PURCHASE OF TWENTY AIRBUS A320 SERIES AIRCRAFT

On 15 June 2009, the Company entered into the Agreement with Airbus SAS regarding the purchase of twenty Airbus A320 series aircraft (with engines).

The Agreement constitutes a major transaction of the Company under the Listing Rules as applied by the Stock Exchange and is subject to shareholders' approval.

CEA Holding, which holds approximately 59.67% of the issued share capital of the Company, does not have any interest or benefit under the Agreement. No shareholder (including CEA Holding) would be required to abstain from voting at any shareholders' general meeting, if convened, to approve the Agreement. The Agreement has accordingly been approved in writing by CEA Holding pursuant to Rule 14.44 of the Listing Rules, and no general meeting is required to be convened.

The Company will issue and despatch to its shareholders a circular containing the information required under the Listing Rules in relation to the Agreement.

As announced by the Company on the announcement dated 8 June 2009, the Company will issue an announcement of price-sensitive in nature and the Company is in the course of preparing such information for disclosure. Trading of the H shares of the Company has been suspended from 8 June 2009 and it will remain suspended until the publication of a further announcement which is price-sensitive in nature.

THE AGREEMENT

On 15 June 2009, the Company entered into the Agreement with Airbus SAS regarding the purchase of the Aircraft in accordance with the terms and conditions thereof.

To the best knowledge, information and belief of the Company' directors having made all reasonable enquiry, Airbus SAS and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company, and are not connected persons of the Company.

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- Aircraft to be acquired : The Aircraft (i.e. twenty brand new Airbus A320 series aircraft (with engines)).
- Consideration : The aircraft basic price of the Aircraft in aggregate is approximately US\$1.452 billion (RMB9.917 billion) based on the relevant price catalog in 2008. Such aircraft basic price comprises the airframe price (which is subject to price escalation by applying a formula), optional features prices and engine price.

The Agreement was negotiated and entered into in accordance with customary business and industry practice, under which Airbus SAS has granted to the Company material price concessions with regard to the Aircraft. These will take the form of credit memoranda which may be used by the Company towards the purchase of the Aircraft or spare parts, goods and services or may be used towards the final delivery invoice payment of the Aircraft. Such credit memoranda were determined after arm's length negotiations between the parties and as a result, the actual consideration for the Aircraft is lower than the aircraft basic price of the Aircraft mentioned above.

Based on such actual consideration under the Agreement, the relevant "percentage ratio" calculated under Rule 14.07 of the Listing Rules at the material time is above 25% but less than 100%, the Agreement constitutes a major transaction of the Company under the Listing Rules as applied by the Stock Exchange. In respect of the transaction, the Company understands its disclosure obligations normally required under Chapter 14 of the Listing Rules, and has therefore on separate occasions raised the issue with Airbus SAS in order to seek its consent to the Company's disclosing certain otherwise required information (including the relevant consideration involved) in the relevant announcements and circulars. Nonetheless, Airbus SAS, for business reasons and from a commercial perspective, did not accede to the Company's request in this respect, and insisted preservation of the confidentiality carried with such information to the extent possible. The Company has made an application to the Stock Exchange for a waiver from strict compliance with the relevant provisions (including Listing Rules 14.58 (4) and 14.66 (4)) under the Listing Rules in respect of the disclosure of the actual consideration for the Aircraft.

The price concessions will mainly affect the depreciation of aircraft in the operation cost of the Company. The Company confirms that the extent of the price concessions granted to the Company under the Agreement is comparable with the price concessions that the Company had obtained under its previous agreement entered into in July 2007 with Airbus SAS regarding the purchase of certain Airbus A320 series aircraft. Therefore, the Company believes that there is no material impact of the price concessions obtained under the Agreement on the Company's operating costs taken as a whole.

The Company has also taken into account the current economic environment, the industry performance and the Company's financial position, and considers that the extent of the price concessions granted to the Company under the Agreement are fair and reasonable and in the interests of the shareholders of the Company.

- Payment terms and source of funding : The consideration under the Agreement is payable by cash in United States dollars in instalments, and is, as currently contemplated, being funded principally by way of bank loans or other financial arrangements from banking institutions.
- Delivery : The Aircraft are expected to be delivered to the Company in stages from 2011 to 2013.

GENERAL

- The Company and Airbus SAS : The Company is principally engaged in the business of civil aviation.

Airbus SAS, to the knowledge of the Directors, is principally engaged in the business of manufacturing and selling aircraft.

- Reasons for entering into the transaction and benefits expected to accrue to the Company : The Aircraft are purchased on the basis of the assessment that the business of the Company will have steady and organic growth over the next few years when the global economy recovers. Further, the Company believes that, in the next few years, the domestic passenger transport market will develop with a better prospect. The Company therefore expects that the Aircraft to be introduced will satisfy the increasing demand in the domestic short to middle range passenger air-routes. It is also believed that the transaction will enhance the Company's market share and competitiveness in the market segment serving short to middle range passenger air-routes, thereby improving its aviation network coverage and profitability.

As mentioned above, the consideration is being funded principally by way of financial arrangements with banking institutions. The transaction may therefore result in an increase in the Company's debt-to-equity ratio, but is not expected to impact on the Company's cash-flow position or its business operations. Since the consideration under the Agreement is payable by instalments, the purchase of the Aircraft will not add immediate financial burden to the Company.

The transaction has been approved by the board of directors of the Company and will be approved by the relevant regulatory authority(ies) in the PRC in compliance with the relevant regulatory requirements.

The Company's directors believe that the terms of the Agreement (including the price concessions under the Agreement) are fair and reasonable and in the interests of the Company's shareholders as a whole.

Major transaction : The Agreement constitutes a major transaction of the Company under the Listing Rules as applied by the Stock Exchange and is subject to shareholders' approval.

CEA Holding, which holds approximately 59.67% of the issued share capital of the Company, does not have any interest or benefit under the Agreement. No shareholder (including CEA Holding) would be required to abstain from voting at any shareholders' general meeting, if convened, to approve the Agreement.

The Agreement has accordingly been approved in writing by CEA Holding pursuant to Rule 14.44 of the Listing Rules, and no general meeting is required to be convened.

FURTHER INFORMATION

The Company will issue and despatch to its shareholders a circular containing the information required under the Listing Rules in relation to the Agreement.

As announced by the Company on the announcement dated 8 June 2009, the Company will issue an announcement of price-sensitive in nature and the Company is in the course of preparing such information for disclosure. Trading of the H shares of the Company has been suspended from 8 June 2009 and it will remain suspended until the publication of a further announcement which is price-sensitive in nature.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Agreement” means the agreement entered into on 15 June 2009 by the Company with Airbus SAS regarding the purchase of the Aircraft;

“Airbus SAS” means Airbus SAS, a company created and existing under the laws of France;

“Aircraft” means twenty brand new Airbus A320 series aircraft (with engines);

“CEA Holding” means (China Eastern Air Holding Company), a wholly PRC State-owned enterprise and the controlling shareholder of the Company holding approximately 59.67% of its issued share capital as at the date of this Announcement;

“Company” means (China Eastern Airlines Corporation Limited), a joint stock limited company incorporated in the PRC with limited liability, whose H shares, A shares and American depositary shares are listed on the Stock Exchange, the Shanghai Stock Exchange and the New York Stock Exchange, Inc., respectively;

“Hong Kong” means the Hong Kong Special Administrative Region of the People's Republic of China;

“Listing Rules” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“PRC” means the People’s Republic of China;

“RMB” means renminbi, the lawful currency of the PRC;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited; and

“US\$” means United States dollar, the lawful currency of the United States of America.

For illustration purpose only, translation of US\$ to RMB is made in this announcement at the rate of US\$1.00 to RMB6.83. No representation is made that any amount in RMB or US\$ could have been or could be converted at such rate or at any other rate or at all.

By order of the board of the directors
CHINA EASTERN AIRLINES
CORPORATION LIMITED
Luo Zhuping
Director and Company Secretary

The directors of the Company as at the date of this announcement are:

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| Liu Shaoyong | (Chairman) |
| Li Jun | (Vice Chairman) |
| Ma Xulun | (Director, President) |
| Luo Chaogeng | (Director) |
| Luo Zhuping | (Director, Company Secretary) |
| Hu Honggao | (Independent Non-executive Director) |
| Sandy Ke-Yaw Liu | (Independent Non-executive Director) |
| Wu Baiwang | (Independent Non-executive Director) |
| Zhou Ruijin | (Independent Non-executive Director) |
| Xie Rong | (Independent Non-executive Director) |

Shanghai, the PRC
17 June 2009