

CHINA EASTERN AIRLINES CORP LTD
Form 6-K
August 09, 2007

**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 August 2007.

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 August 9, 2007

By: /s/ Li Fenghua

Name: Li Fenghua

Title: Chairman of the Board of Directors

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.

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular, you should obtain independent professional advice.

If you have sold or transferred all your shares in China Eastern Airlines Corporation Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 670)

**DISCLOSEABLE TRANSACTION
PURCHASE OF TEN AIRBUS A320 SERIES AIRCRAFT**

A letter from the board of the directors of China Eastern Airlines Corporation Limited (the "**Company**") is set out on pages 3 to 5 of this circular.

9th August, 2007

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

- “Agreement”** means the agreement entered into on 17th July, 2007 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 ten brand new Airbus A320 series aircraft (with engines);
- “Company”** means (China Eastern Airlines Corporation Limited), a joint stock limited 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;
- “Directors”** means the directors of the Company;
- “Group”** means the Company and its subsidiaries;
- “Hong Kong”** means the Hong Kong Special Administrative Region of the People’s Republic of China;
- “Latest Practicable Date”** means 7th August, 2007, being the latest practicable date for ascertaining certain information included in this circular;
- “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;
- “SFO”** means the *Securities and Futures Ordinance* (Chapter 571 of the Laws of Hong Kong);

DEFINITIONS

“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 circular at the rate of US\$1.00 to RMB7.57. 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.

LETTER FROM THE BOARD OF DIRECTORS

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 670)

Directors:

Li Fenghua (*Chairman, Non-executive Director*)
Li Jun (*Vice Chairman, Non-executive Director*)
Cao Jianxiong (*President, Executive Director*)
Luo Chaogeng (*Non-executive Director*)
Luo Zhuping (*Executive Director*)

Independent non-executive Directors:

Hu Honggao
Peter Lok
Wu Baiwang
Zhou Ruijin
Xie Rong

Legal address:

66 Airport Street
Pudong International Airport
Shanghai
The People's Republic of China

Head office:

2550 Hongqiao Road
Shanghai
The People's Republic of China

**Principal place of business in
Hong Kong:**

5th Floor, McDonald's Building
48 Yee Wo Street
Hong Kong

**Hong Kong share registrar
and transfer office:**

Hong Kong Registrars Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

9th August, 2007

To the shareholders of the Company

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

1.

Introduction

As disclosed in the Company's announcement dated 20th July, 2007, the Company entered into the Agreement with Airbus SAS regarding the purchase of the Aircraft.

The Agreement constitutes a discloseable transaction of the Company under the Listing Rules as applied by the Stock Exchange.

LETTER FROM THE BOARD OF DIRECTORS

2. Parties

The Company is principally engaged in the business of civil aviation.

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

To the best knowledge, information and belief of the 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.

3. The Agreement

On 17th July, 2007, the Company entered into the Agreement with Airbus SAS regarding the purchase of ten brand new Airbus A320 series aircraft (with engines) in accordance with the terms and conditions thereof.

Consideration

The aircraft basic price of the Aircraft in aggregate is approximately US\$613 million (RMB4.64 billion) based on the relevant price catalog in 2005. 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 significant 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.

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 under the Listing Rules in respect of the disclosure of the actual consideration for the Aircraft.

LETTER FROM THE BOARD OF DIRECTORS

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 agreement entered into in June 2006 with Airbus SAS regarding the purchase of certain Airbus A320 series aircraft. 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.

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 March 2011 to June 2012.

Reasons for entering into the transaction and benefits expected to accrue to the Company

The Company expects that the Aircraft will be introduced to 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.

Financial impact

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. It is anticipated that the transaction would result in an increase in the Group's fixed assets, with liabilities to be settled by required financial arrangements with banking or financial institutions. Save as described above, the transaction is not expected to result in any material impact on the earnings and assets and liabilities of the Group.

4. Additional information

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the board of Directors of
China Eastern Airlines Corporation Limited
Li Fenghua
Chairman

APPENDIX I

GENERAL INFORMATION

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS*Directors, supervisors, chief executives and senior management*

The interests of the Directors, supervisors, chief executives and senior management in the issued share capital of the Company as at the Latest Practicable Date were set out as follows:

Name	Position	Number and type of shares held and nature of interest				Total	Capacity in which the A shares were held
		Personal	Family	Corporate			
Li Fenghua	Chairman, Non-Executive Director	6,600 A shares (Note 1)	-	-	6,600 A shares (Note 1)	Beneficial owner	
Li Jun	Vice-chairman, Non-Executive Director	-	-	-	0	-	
Cao Jianxiong	President, Executive Director	7,656 A shares (Note 2)	-	-	7,656 A shares (Note 2)	Beneficial owner	
Luo Chaogeng	Non-Executive						