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**中國東方航空股份有限公司**  
**CHINA EASTERN AIRLINES CORPORATION LIMITED**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock code: 00670)**

**MAJOR TRANSACTION**  
**PURCHASE OF FIFTY AIRBUS A320 SERIES AIRCRAFT**

On 30 December 2010, the Company (as purchaser) entered into the Agreement with Airbus SAS (as seller) regarding the purchase of fifty Airbus A320 series aircraft.

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

CEA Holding, which directly or indirectly holds approximately 59.94% of the issued share capital of the Company, does not have any interest or benefit under the Transaction. No shareholder of the Company (including CEA Holding) would be required to abstain from voting at any general meeting of the Company, if convened, to approve the Transaction. The Transaction has accordingly been approved in writing by CEA Holding pursuant to Rule 14.44 of the Listing Rules, and no general meeting of the Company is required to be convened.

The Company will issue and despatch to its shareholders the Circular as soon as possible but no later than 25 February 2011.

**THE AGREEMENT**

On 30 December 2010, the Company (as purchaser) entered into the Agreement with Airbus SAS (as seller) regarding the Transaction.

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.

Aircraft to be acquired : The Aircraft (i.e. fifty brand new Airbus A320 series aircraft).

Consideration : The aircraft basic price of the Aircraft in aggregate is approximately USD3.224 billion (equivalent to approximately RMB21.407 billion) based on the relevant price catalog in 2005. Such aircraft basic price comprises the airframe price (which is subject to price adjustment 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. Such price concessions were determined after arm's length negotiations between the Company and Airbus SAS and as a result, the Consideration is significantly lower than the aircraft basic price of the Aircraft mentioned above.

Based on the Consideration, the relevant "percentage ratio" calculated under Rule 14.07 of the Listing Rules at the material time is above 25% but less than 100%. Accordingly, the Transaction 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 a number of 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 this announcement and the Circular. Nonetheless, Airbus SAS, for business reasons and from a commercial perspective, did not accede to the Company's request in this respect, and insisted on the 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 Consideration.

The price concessions granted to the Company under the Agreement 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 more favourable than the price concessions granted to the Company under the 2009 Agreement. The Company believes that the price concessions obtained by the Company under the Agreement has no material impact 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 its shareholders.

Payment terms and source of funding : The Consideration is payable by cash in United States dollars in instalments, and is, as currently contemplated, being funded through the Company's working capital, bank loans from commercial banks and other sources of financing available to the Company.

Delivery : The Aircraft are expected to be delivered to the Company in stages from 2012 to 2015.

## **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 will primarily be used to satisfy the increasing demand of the domestic passenger air transportation as well as the international and regional medium-and-short-haul routes passenger air transportation in the coming years, and to increase the Company's competitiveness in the passenger air transportation market. The purchase of the Aircraft will further enhance the route coverage of the Company and increase the economical benefit of the Company.

Without considering the adjustments to be made to the aircraft fleet of the Company as a result of the market conditions and the age of the aircraft, the addition of the Aircraft will increase (i) the ATKs of the Company by 14.39% (based on the ATKs of the Company as at 31 December 2009); and (ii) the combined ATKs of the Company and Shanghai Airlines Co. Ltd, a wholly owned subsidiary of the Company, by 11.24% (based on the aggregation of their respective ATKs as at 31 December 2009).

As mentioned above, part of the Consideration is, as currently contemplated, being funded through bank loans from commercial banks. The Transaction may therefore result in an increase in the Company's debt-to-equity ratio, but as the Consideration is payable by instalments, it is not expected to have substantial impact on the Company's cash-flow position or its business operations.

The Transaction has been approved by the Directors, and is subject to approval by the relevant regulatory authority(ies) in the PRC in compliance with the relevant regulatory requirements.

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

CEA Holding, which directly or indirectly holds approximately 59.94% of the issued share capital of the Company, does not have any interest or benefit under the Transaction. No shareholder of the Company (including CEA Holding) would be required to abstain from voting at any general meeting of the Company, if convened, to approve the Transaction.

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

## FURTHER INFORMATION

The Company will issue and despatch to its shareholders the Circular as soon as possible but no later than 25 February 2011. Under Rule 14.41(a) of the Listing Rules, the Company is required to despatch the Circular within 15 business days from after the publication of this announcement. The Company has made an application to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 14.41(a) of the Listing Rules, for the following key reasons:

1. The Company will be heavily engaged in the preparation of the 2010 annual results of the Company in the next few weeks; and
2. In view of the upcoming holiday season, the Company expects: (i) to incur additional time in collating and finalising certain information (including financial information) for insertion in the Circular; and (ii) responses by certain parties to the Company's queries to be delayed, such responses being needed to prepare certain information (such as the "Statement of Indebtedness" and "Working Capital Sufficiency Statement") in the Circular.

## DEFINITIONS

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

"2009 Agreement"	means the agreement entered into on 15 June 2009 by the Company with Airbus SAS regarding the purchase of the twenty Airbus A320 series aircraft;
"Agreement"	means the agreement entered into on 30 December 2010 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 fifty brand new Airbus A320 series aircraft;
"ATKs"	means the tones of capacity available for the transportation of revenue load (passengers and/or cargo) multiplied by the kilometres flown;
"CEA Holding"	means 中國東方航空集團公司 (China Eastern Air Holding Company), a wholly PRC state-owned enterprise and the controlling shareholder of the Company directly or indirectly holding approximately 59.94% of its issued share capital as at the date of this Announcement;

“Company”	means 中國東方航空股份有限公司 (China Eastern Airlines Corporation Limited), a joint stock limited company incorporated in the PRC with limited liability, whose H shares, A shares and American depository shares are listed on the Stock Exchange, the Shanghai Stock Exchange and the New York Stock Exchange, Inc., respectively;
“Consideration”	means the actual consideration payable by the Company to Airbus SAS for the purchase of the Aircraft (taking into the account of the price concessions);
“Circular”	means the circular to be issued by the Company to its shareholders containing information required under the Listing Rules in respect of the Transaction;
“Directors”	means the directors of the Company;
“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;
“Transaction”	means the purchase of the Aircraft by the Company under the Agreement; and
“USD”	means United States dollar, the lawful currency of the United States of America.

*For illustration purposes only, an exchange rate of USD1.00 to RMB6.64 is used in this announcement. No representation is made that any amount in RMB or USD is or could have been or could be converted at such rate or at any other rate or at all.*

By order of the Directors  
**CHINA EASTERN AIRLINES CORPORATION LIMITED**  
**Luo Zhuping**  
*Director and Company Secretary*

The Directors as at the date of this announcement are:

Liu Shaoyong	<i>(Chairman)</i>
Li Jun	<i>(Vice Chairman)</i>
Ma Xulun	<i>(Director, President)</i>
Luo Chaogeng	<i>(Director)</i>
Luo Zhuping	<i>(Director, Company Secretary)</i>
Sandy Ke-Yaw Liu	<i>(Independent non-executive Director)</i>
Wu Xiaogen	<i>(Independent non-executive Director)</i>
Ji Weidong	<i>(Independent non-executive Director)</i>
Shao Ruiqing	<i>(Independent non-executive Director)</i>

Shanghai, the PRC  
30 December 2010