

CHINA EASTERN AIRLINES CORP LTD
Form 6-K
August 21, 2014

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 2014

Commission File Number: 001-14550

China Eastern Airlines Corporation Limited

(Translation of Registrant's name into English)

Board Secretariat's Office

Kong Gang San Lu, Number 88

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 21, 2014 **By/s/** Wang Jian
Name: Wang Jian
Title: Joint 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.

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other appropriate independent advisers.

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim 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: 00670)

MAJOR TRANSACTION

PURCHASE OF EIGHTY BOEING B737 SERIES AIRCRAFT

22 August 2014

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DEFINITIONS

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

“2012 Agreement” means the agreement entered into on 27 April 2012 by the Company with Boeing Company regarding the purchase of twenty brand new Boeing B777-300ER aircraft from Boeing Company;

“2013 AGM” means the 2013 annual general meeting of the Company held on 26 June 2014;

“Acquisition” means the purchase of the Boeing Aircraft by the Company under the Purchase Agreement;

“Announcement” means the announcement of the Company dated 13 June 2014 regarding the Acquisition;

“ATKs” means the tonnes of capacity available for the transportation of revenue load (passengers and/or cargo) multiplied by the kilometres flown;

“Board” means the board of directors of the Company;

“Boeing Aircraft” means eighty brand new Boeing B737 series (B737-800 and B737MAX) aircraft;

“Boeing Company” means Boeing Company, a company incorporated in the State of Delaware of the United States of America;

“CEA Holding” means (China Eastern Air Holding Company), a wholly PRC state-owned enterprise and the controlling shareholder of the Company directly or indirectly holding approximately 64.35% of its issued share capital as at the Latest Practicable Date;

“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 depository shares are listed on the Stock Exchange, the Shanghai Stock Exchange and the New York Stock Exchange, Inc., respectively;

DEFINITIONS

“Consideration”	means the actual consideration payable by the Company to Boeing Company for the purchase of the Boeing Aircraft (taking into account the price concessions);
“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 19 August 2014, being the latest practicable date of ascertaining certain information included herein before the printing of 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;
“Purchase Agreement”	means the agreement entered into on 13 June 2014 by the Company (as purchaser) with Boeing Company (as seller) regarding the Acquisition;
“RMB”	means renminbi, the lawful currency of the PRC;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shanghai Listing Rules”	Means the (Rules Governing the Listing of Stocks on Shanghai Stock Exchange);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“United States”	means the United States of America; 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 RMB6.20 is used in this circular. 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.

LETTER FROM THE BOARD

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

(Stock code: 00670)

Directors:

Liu Shaoyong *(Chairman)*

Ma Xulun *(Vice Chairman, President)*

Xu Zhao *(Director)*

Gu Jiadan *(Director)*

Li Yangmin *(Director, Vice President)*

Tang Bing *(Director, Vice President)*

Independent non-executive Directors:

Sandy Ke-Yaw Liu

Ji Weidong

Li Ruoshan

Ma Weihua

Legal address:

66 Airport Street

Pudong International Airport

Shanghai

PRC

Head office:

92 Konggang 3rd Road

Changning District

Shanghai

PRC

Principal place of business in

Hong Kong:

Unit B, 31/F.

United Centre

95 Queensway

Hong Kong

Hong Kong share registrar and transfer office:

Hong Kong Registrars Limited

Rooms 1712-1716, 17th Floor

Hopewell Centre

183 Wanchai Queen's Road East

Hong Kong

22 August 2014

To the shareholders of the Company

Dear Sir or Madam,

MAJOR TRANSACTION

PURCHASE OF EIGHTY BOEING B737 SERIES AIRCRAFT

1.

INTRODUCTION

Reference is made to the Announcement regarding, among others, the Company's purchase of the Boeing Aircraft from Boeing Company pursuant to the Purchase Agreement.

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LETTER FROM THE BOARD

The Purchase Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

2. THE PARTIES

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

Boeing Company, to the knowledge of the Directors, is principally engaged in the business of aircraft manufacturing.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, Boeing Company 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 PURCHASE AGREEMENT

On 13 June 2014, the Company (as the purchaser) entered into the Purchase Agreement with Boeing Company (as the seller) regarding the Acquisition.

Based on the information provided by Boeing Company, the total asset value of the Boeing Aircraft, as determined by reference to the relevant catalog price in 2012 supplied by Boeing Company, amounts in aggregate to approximately USD7.387 billion (equivalent to approximately RMB45.799 billion).

Consideration

The aircraft basic price of the Boeing Aircraft in aggregate is approximately USD7.387 billion (equivalent to approximately RMB45.799 billion) based on the relevant price catalog in 2012. The aircraft basic price of each B737-800 aircraft is approximately USD81.16 million. The aircraft basic price of each B737MAX aircraft is approximately USD96.07 million. Such aircraft basic price comprises the airframe price and engine price.

The Purchase Agreement was negotiated and entered into in accordance with customary business and industry practice, under which Boeing Company has granted to the Company substantive price concessions with regard to the Boeing Aircraft. Such price concessions were determined after arm's length negotiations between the Company and Boeing Company and as a result, the Consideration is significantly lower than the aircraft basic price of the Boeing 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 Acquisition constitutes a major transaction of the Company under the Listing Rules as applied by the Stock Exchange.

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LETTER FROM THE BOARD

In respect of the Acquisition, 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 Boeing Company in order to seek its consent to the Company's disclosing certain otherwise required information (including the Consideration) in the Announcement and this circular. Nonetheless, Boeing Company, 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, and has obtained from the Stock Exchange, 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 Company confirms that the extent of the price concessions granted to the Company under the Purchase Agreement is more favourable than price concessions granted to the Company under the 2012 Agreement. The price concessions granted to the Company under the Purchase Agreement will mainly affect the depreciation of aircraft in the future operation cost of the Company. The Company believes that the price concessions obtained by the Company under the Purchase Agreement have no material impact on the Company's future 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 Purchase 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 installments, 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 Boeing Aircraft are expected to be delivered to the Company in stages from 2016 to 2020.

Reasons for entering into the Purchase Agreement and benefits expected to accrue to the Company

Taking into account the market demand and the strategy of the Company to build a route network with Shanghai as the core hub and Xi'an and Kunming as the regional hubs, the Company decided to purchase the Boeing Aircraft. The operation of the Boeing Aircraft together with the existing B737NG fleet in "flights waves" is expected to increase the operation efficiency of the Company. The Boeing Aircraft consist of mainly Boeing B737MAX series aircraft, which is designed as a high-efficiency and energy-saving aircraft by the Boeing Company and can improve the fuel efficiency so as to lower the unit operating cost 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 Acquisition will increase the ATKs of the Company by approximately 13.49% (based on the ATKs of the Company as at 31 December 2013).

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LETTER FROM THE BOARD

The Acquisition has been approved by the Directors at the seventh ordinary meeting of the seventh session of the Board and is subject to approval by the shareholders of the Company. The Acquisition is also subject to approval(s) by the relevant regulatory authority(ies) in the PRC in compliance with relevant regulatory requirements.

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

Financial impact of the Acquisition

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

The Acquisition is not expected to result in a material impact on the earnings, assets and liabilities of the Group.

4. IMPLICATIONS UNDER THE LISTING RULES

From the Listing Rules prospective, the Acquisition constitutes a major transaction of the Company under the Listing Rules as applied by the Stock Exchange and is subject to approval by the shareholders of the Company.

CEA Holding, which directly holds 5,072,922,927 A shares of the Company and indirectly holds 457,317,073 A shares of the Company and 2,626,240,000 H shares of the Company through its wholly-owned subsidiaries, representing in aggregate approximately 64.35% of the issued share capital of the Company, does not have any interest or benefit under the Acquisition. 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 Acquisition.

The Acquisition 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.

From the Shanghai Listing Rules prospective, the Acquisition shall be approved in accordance with the asset transactions mandate, which has been approved by the Board on 29 April 2014 and by the shareholders of the Company at the 2013 AGM. For details of the asset transactions mandate, please refer to the announcement of the Company dated 29 April 2014, the notice of the 2013 AGM dated 9 May 2014 and the 2013 AGM poll results announcement of the Company dated 26 June 2014.

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LETTER FROM THE BOARD

5. ADDITIONAL INFORMATION

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

By order of the Board

CHINA EASTERN AIRLINES CORPORATION LIMITED

Wang Jian

Joint Company Secretary

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APPENDIX I FINANCIAL INFORMATION

THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the years ended 31 December 2013, 2012 and 2011, together with the accompanying notes to the financial statements, can be found on pages 74 to 169 of the annual report of the Company for the year ended 31 December 2013, pages 88 to 208 of the annual report of the Company for the year ended 31 December 2012 and pages 78 to 197 of the annual report of the Company for the year ended 31 December 2011, respectively. Please see below the hyperlinks to the said annual reports:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0424/LTN201404241398.pdf>

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0419/LTN20130419839.pdf>

<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0418/LTN20120418666.pdf>

INDEBTEDNESS OF THE GROUP

Indebtedness

As at the close of business on 30 June 2014, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following liabilities:

Borrowings

The table below sets forth the Group's total outstanding indebtedness as at 30 June 2014:

	Total RMB Notes (in million)
Bills payable	600
Short-term bank debentures	4,000
Bank loans and other borrowings (1)	41,663
Guaranteed bonds (1)	12,784
Finance lease obligations (2)	28,307
	87,354

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APPENDIX I FINANCIAL INFORMATION

Notes:

The Group's bank loans, guaranteed bonds and other borrowings with an aggregate amount of approximately RMB21,230 million were secured by mortgages over certain of the Group's assets. The pledged assets included (1) aircraft, buildings, machinery and land use rights with an aggregate net book value of approximately RMB20,657 million.

The Group's finance lease obligations with an aggregate amount of approximately RMB26,844 million were (2) secured by mortgages over certain of the Group's aircraft. The pledged aircraft had an aggregate net book value of approximately RMB37,707 million as at 30 June 2014.

Contingent liabilities

As at 30 June 2014, the Group had no significant contingent liabilities.

Except as disclosed above and apart from intra-group liabilities, as at 30 June 2014, the Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, term loans, any other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, mortgages and charges, contingent liabilities or guarantee.

SUFFICIENCY OF WORKING CAPITAL

Taking into account the expected completion of the Acquisition and the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular, in the absence of any unforeseeable circumstances.

TRADING AND FINANCIAL PROSPECTS

Trading prospects

The operations of the Group as an air transport enterprise that performs public service functions are closely linked to the political and economic development both at home and abroad. As such, the Group's operations as well as that of the aviation industry are, to a significant extent, subject to the risks associated with unforeseen occurrences of geopolitical events and other significant events.

In the future, the Company intends to become a premium airline that is globally competitive. In addition, the Group intends to transform from a traditional air passenger and freight carrier to an integrated modern aviation services and logistics services provider.

With the possible recovery of global economy and also the steady growth of local economy in 2014, the tourism market will develop rapidly and the growth in aviation market in China will also be maintained. However, with intensive competition in the industry resulting from the rapid growth of transportation ability in the domestic aviation market, rapid development of domestic and overseas low-cost airways, fluctuation of fuel prices due to geopolitical factors, fluctuation in RMB exchange rate and the impact of high-speed railways becoming normal, the Group will encounter a situation with both opportunities and challenges.

APPENDIX I FINANCIAL INFORMATION

Based on its transformation and development, ability enhancement and brand building, the Group's overall direction for 2014 will be dedicated to the promotion of operation networking and experiential service, accelerating informatisation and marketisation, so as to strive to establish a world class airline.

Financial outlook

In the second half of 2014, the aviation market of China will continue to grow, with the ongoing mild recovery of the global economy, downside pressure of emerging economies and the steady upward trend of China's economy notwithstanding fierce industry competition. The Company will be faced with both opportunities and challenges in its business operations.

In the second half of 2014, the Company will focus on the followings: (1) strengthening safety management to ensure safe operations through reinforcing safety check and control over safety procedures; (2) grasping market opportunities, commanding precise deployment of capacity, refining cabin management and enhancing the marketing ability in respect of passenger and freight services; (3) enhancing service processes, diversifying service products, improving in-flight hardware and software facilities and upgrading customer experience; (4) deepening full-scale budget management, promoting cost reduction and efficiency enhancement project, expanding financing channels and improving efficiency of capital utilization; (5) based on its information technology construction, paying attention to technological applications including big data and mobile internet; and (6) promoting the internal mechanism reformation and the innovation of business models and deepening the transformation and development of passenger and freight transport operations.

MATERIAL ADVERSE CHANGE

Save as disclosed in the announcement of the Company dated 18 July 2014 in relation to the results estimate of the Group for the first half of 2014, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Company have been made up.

APPENDIX II GENERAL INFORMATION**RESPONSIBILITY STATEMENT**

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

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

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 are set out as follows:

Name	Position	Number of shares held – Personal interest	Capacity in which the A shares were held
Liu Shaoyong	Chairman	0	–
Ma Xulun	Vice Chairman, President	0	–
Xu Zhao	Director	0	–
Gu Jiadan	Director	0	–
Li Yangmin	Director, Vice President	3,960 A shares (<i>Note 1</i>)	Beneficial owner
Tang Bing	Director, Vice President	0	–
Sandy Ke-Yaw Liu	Independent non-executive Director	0	–
Ji Weidong	Independent non-executive Director	0	–
Li Ruoshan	Independent non-executive Director	0	–
Ma Weihua	Independent non-executive Director	0	–
Yu Faming	Chairman of the Supervisory Committee	0	–
Xi Sheng	Supervisor	0	–
Ba Shengji	Supervisor	0	–
Feng Jinxiong	Supervisor	0	–
Yan Taisheng	Supervisor	0	–
Wu Yongliang	Vice President, Chief Financial Officer	3,696 A shares (<i>Note 2</i>)	Beneficial owner

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Tian Liuwen	Vice President	0	-
Feng Liang	Vice President	0	-

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APPENDIX II GENERAL INFORMATION

Name	Position	Number of shares held – Personal interest	Capacity in which the A shares were held
Sun Youwen	Vice President	83,531(<i>Note 3</i>)	Beneficial owner
Wang Jian	Board Secretary, Joint Company Secretary, Authorised Representative	0	–
Ngai Wai Fung	Joint Company Secretary	0	–

Note1: representing approximately 0.000031% of the Company's total issued shares as at the Latest Practicable Date.

Note2: representing approximately 0.000029% of the Company's total issued shares as at the Latest Practicable Date.

Note3: representing approximately 0.000659% of the Company's total issued shares as at the Latest Practicable Date.

H shares appreciation rights

On 9 November 2012, the Company's general meeting approved the "H Shares Appreciation Rights Scheme of China Eastern Airlines Corporation Limited" with an aim to provide medium to long term incentive to certain Directors, senior management, key technical and managerial personnel of the Company and promote the continuous development of the business of the Group.

As at the Latest Practicable Date, particulars of the H shares appreciation rights granted to the Directors and senior management of the Company were as follows:

Number of the shares appreciation rights granted (Ten	The proportion of the shares appreciation rights granted to the total issued share capital	The proportion of the shares appreciation rights granted to the total
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Name	Position	thousand shares)	of the Company	issued H Shares		
Liu Shaoyong	Chairman	100	0.0079	%	0.0238	%
Ma Xulun	Vice Chairman, President	100	0.0079	%	0.0238	%
Xu Zhao	Director	86	0.0068	%	0.0205	%
Gu Jiadan	Director	86	0.0068	%	0.0205	%
Li Yangmin	Director, Vice President	86	0.0068	%	0.0205	%
Tang Bing	Director, Vice President	86	0.0068	%	0.0205	%

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APPENDIX II GENERAL INFORMATION

The
proportion
of the shares The
appreciation