

CHINA EASTERN AIRLINES CORP LTD
Form 6-K
October 28, 2008

**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 October 2008.

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

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.

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

THIRD QUARTERLY REPORT 2008

This announcement is made by China Eastern Airlines Corporation Limited pursuant to the disclosure requirement under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial statements of China Eastern Airlines Corporation Limited for the third quarter of 2008 were not audited, and were prepared in accordance with the PRC Accounting Regulations.

1. IMPORTANT NOTICE

This announcement is made by China Eastern Airlines Corporation Limited (the "**Company**") pursuant to the disclosure requirement under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (which requires any issuer listed on The Stock Exchange of Hong Kong Limited whose securities are also listed on other stock exchange(s) to simultaneously inform The Stock Exchange of Hong Kong Limited of any information released to any of such other exchange(s) and to ensure that such information is released to the market in Hong Kong at the same time as it is released to the other market(s)). At the request of the Shanghai Stock Exchange, a similar announcement of the even date is being made by the Company in Shanghai pursuant to the relevant provisions of the Shanghai listing rules and regulations.

This quarterly report was prepared in accordance with the regulations as prescribed by the China Securities Regulatory Commission in relation to disclosure of information in quarterly reports for listed companies, and is published simultaneously in Shanghai and Hong Kong. The financial statements of the Company for the third quarter of 2008 were not audited, and were prepared in accordance with the PRC Accounting Regulations.

The board of directors (the "**Board**") and the supervisory committee of the Company, and its directors, supervisors and senior management hereby confirm that the information set out in this report does not contain any false information, misleading statement or material omission, and accept joint and several responsibility for the truthfulness, accuracy and completeness of the contents of this report.

Hu Honggao, an independent non-executive director, authorized Xie Rong, an independent non-executive director, to vote for him. Zhou Ruijin, an independent non-executive director, authorized Xie Rong, an independent non-executive director, to vote for him.

Mr. Li Fenghua, chairman of the Board of the Company and person-in-charge of the Company, Mr. Cao Jianxiong, president of the Company and officer-in-charge of accounting, Mr. Luo Weide, chief financial officer, and Mr. Wu Longxue, general manager of the accounting department and officer-in-charge of the accounting department (accounting officer), hereby declare that the financial report forming part of this quarterly report is true and complete.

2. BASIC PARTICULARS OF THE COMPANY

2.1 Main accounting data and financial indicators

Currency: RMB

| | As at the end of the reporting period | As at the end of last year | Increase/decrease as at the end of the reporting period compared with the end of last year(%) |
|---|--|--|---|
| Total assets (RMB'000) | 75,471,082 | 67,141,714 | 12.41 |
| Owners' equity (or shareholders' equity) (RMB'000) | 528,337 | 2,862,865 | -81.54 |
| Net earnings per share attributable to the shareholders of listed company (RMB) | 0.1086 | 0.5882 | -81.54 |
| | From the beginning of the year to the end of the reporting period (January to September) | | Increase/decrease compared with the same period last year(%) |
| Net cash flow generated from operating activities (RMB'000) | | 1,657,949 | -69.79 |
| Net cash flow generated from operating activities per share (RMB) | | 0.3407 | -69.79 |
| | Reporting period (July to September) last year (%) | From the beginning of the year to the end of the reporting period (January to September) | Increase/decrease for the reporting period compared with the same period |
| Net profit attributable to shareholders of listed company (RMB'000) | -2,333,847 | -2,292,226 | -339.01 |
| Basic earnings per share (RMB) | -0.4795 | -0.4710 | -339.01 |
| Basic earnings per share after non-recurring gains and losses (RMB) | - | -0.5642 | - |
| Diluted earnings per share (RMB) | -0.4795 | -0.4710 | -339.01 |
| Return on net assets (fully diluted) (%) | -441.73 | -433.86 | |

| | | | |
|---|---------|---------|---|
| | | | Decreased by 465.3 percentage points |
| Return on net assets (fully diluted) after deducting non-recurring losses (%) | -447.09 | -519.73 | Decreased by 467.34 percentage points |

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| Non-recurring gains or losses | From the beginning of the year to the end of the reporting period (January to September) (RMB'000) Excluding method: consolidated exclusion |
|--|--|
| Gains or losses from disposal of non current assets | 334,378 |
| Net non-operating income other than the aforementioned items | -15,817 |
| Subsidy income | 210,508 |
| Impact of the aforementioned items on minority shareholders | -75,347 |
| Total | 453,722 |

2.2 The total number of the Company's shareholders and the shareholdings of the 10 largest holders of shares not subject to selling moratorium as at the end of the reporting period

Unit: Shares

Total number of shareholders as at the end of the reporting period 190,700

Shareholdings of the 10 largest holders of circulating shares not subject to selling moratorium

| Name of shareholders (in full) | Number of circulating shares not subject to selling moratorium held at the end of the period | Class |
|---------------------------------------|---|--------------------------------|
| HKSCC NOMINEES LIMITED | 1,544,701,139 | Overseas listed foreign shares |
| TEMASEK FULLERTON ALPHA PTE LTD | 9,999,969 | RMB ordinary shares |
| UBS AG | 8,030,924 | RMB ordinary shares |

| | | |
|--|-----------|---|
| MORGAN STANLEY & CO. INTERNATIONAL PLC. | 6,499,420 | RMB ordinary shares |
| | 4,800,902 | RMB ordinary shares |
| | 3,164,833 | RMB ordinary shares |
| ARSENTON NOMINEES LIMITED | 1,500,000 | Overseas listed foreign shares |
| | 1,430,098 | RMB ordinary shares |
| | 1,137,588 | RMB ordinary shares |
| DEUTSCHE BANK AKTIENGESELLSCHAFT | 1,028,965 | RMB ordinary shares |

3.

IMPORTANT MATTERS

3.1 The details of and reasons for the substantial changes in main items of financial statements and financial indicators of the Company

x Applicable o Not applicable

| 1. Balance Sheet Items (RMB'000) | Balance as at the end of the period | Balance as at the beginning of the year | Increase/ decrease | Reasons for the change |
|---|--|---|-------------------------------|---|
| Monetary fund | 4,853,225 | 2,127,691 | 128% | Note 1 |
| Tradable financial assets | 149,209 | 95,547 | 56% | Note 2 |
| Prepayments | 803,257 | 382,031 | 110% | Note 3 |
| Dividends receivable | 490 | 3,917 | -87% | Note 4 |
| Long-term equity investments | 1,403,725 | 990,758 | 42% | Note 5 |
| Amortization of long-term payment | 311,705 | 219,041 | 42% | Note 6 |
| Tradable financial liability | 107,579 | 41,796 | 157% | Note 7 |
| Bill payables | 2,152,034 | 1,615,773 | 33% | Note 8 |
| Trade payables | 10,732,153 | 7,159,660 | 50% | Note 9 |
| Receivables in advance | 68,134 | 131,212 | -48% | Note 10 |
| Interest payables | 257,594 | 393,092 | -34% | Note 11 |
| Other current liabilities | -14,670 | 21,011 | -170% | Note 12 |
| Undistributed profit | -5,554,030 | -3,261,804 | 70% | Note 13 |
| Total owner's equity attributable to the parent | 528,337 | 2,862,865 | -82% | Note 14 |
| | | Amount for the corresponding period of the previous year | Increase/ decrease | Reasons for the change |
| 2. Income Statement Items (RMB'000) | Amount for the period | Amount for the corresponding period of the previous year | Increase/ decrease | Reasons for the change |
| Financial expenses, net | 442,632 | 127,017 | 248% | Note 15 |
| Impairment loss on assets | -3,658 | 16,500 | -122% | Note 16 |
| Gains on changes in fair value | -270,806 | 20,425 | -1426% | Note 17 |
| Investment gains/(losses) | 11,397 | 33,897 | -66% | Note 18 |
| Non-operating income | 32,882 | 78,171 | -58% | Note 19 |
| | Amount for the period | Amount for the corresponding period of the previous year | Increase/ decrease | Reasons for the change |
| 3. Cash Flow Statement Items (RMB'000) | Amount for the period | Amount for the corresponding period of the previous year | Increase/ decrease | Reasons for the change |
| Other cash received relating to operating activities | 471,691 | 918,028 | -49% | Note 20 |
| Cash payment to and for employees | 4,337,868 | 2,801,909 | 55% | Note 21 |
| Other cash paid relating to operating activities | 1,005,062 | 488,150 | 106% | Note 22 |

| | | | | |
|---|------------|------------|-------|----------------|
| Cash received from recovery of investments | 38,972 | - | - | <i>Note 23</i> |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 1,797,704 | 51,940 | 3361% | <i>Note 24</i> |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | 6,422,700 | 2,004,339 | 220% | <i>Note 25</i> |
| Cash paid for acquisition of investments | 384,186 | 92,415 | 316% | <i>Note 26</i> |
| Cash received from borrowings | 21,164,117 | 12,115,147 | 75% | <i>Note 27</i> |
| Effect of foreign exchange rate changes on cash and cash equivalents | -54,791 | 116,198 | -147% | <i>Note 28</i> |

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Note 1: Increase of bank deposit;

Note 2: This item shall be analysed after consolidation with tradable financial liability, and the amount after consolidation is not substantially different as compared to the amount at the beginning of the year;

Note 3: Increase in prepayments for the purchase of fixed assets;

Note 4: Dividends received from associated companies;

Note 5: Additional investments in, among others, Xingfu Airlines;

Note 6: Increase in, among others, modification fees for aircraft under operating leases;

Note 7: This item shall be analysed after consolidation with tradable financial assets, and the amount after consolidation is not substantially different as compared to the amount at the beginning of the year;

Note 8: Increase in the business volume of bill payables;

Note 9: Increase in, among others, aircraft fuel charges and take-off and landing charges;

Note 10: Decrease in the proceeds from the sales in advance of carriage;

Note 11: Decrease in long-term borrowings;

Note 12: Deferred loss incurred from sales & leaseback;

Note 13: Increase in losses;

Note 14: Increase in losses;

Note 15: Increase in exchange losses;

Note 16: Writing off of bad loan losses;

Note 17: Losses in option contracts for aircraft fuel due to the fluctuations of the crude oil price;

Note 18: Dissatisfactory performance of associate companies invested;

Note 19: Decrease of other non-operating income;

Note 20: Decrease of subsidy income;

Note 21: Increase in salary and social security fund;

Note 22: Increase in other operating expenses paid;

Note 23: Disposal of investment companies;

Note 24: Fixed asset disposal income derived from sales & leaseback of cargo carriers;

Note 25: Increase in newly purchased aircraft;

Note 26: Additional investments in, among others, Xingfu Airlines;

Note 27: Increase in total borrowings;

Note 28: Increase in exchange losses.

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3.2 Analysis of the progress of other significant events and their effects and proposed solutions

o Applicable x Not applicable

3.3 The status of implementation of the matters undertaken by the Company, shareholders and the ultimate controller

x Applicable o Not applicable

The share reform was completed by the Company on 12 January 2007. China Eastern Air Holding Company undertakes that:

(1) the original non-circulating shares of the Company held by it shall not be listed and traded within 36 months from the day of the implementation of the share reform plan; and

(2) shall bear all the expenses in relation to the share reform plan.

The shareholder of non-circulating shares of the Company represented that it shall perform the undertakings in good faith and accept relevant legal responsibilities. Unless the transferee(s) is/are willing and able to accept the responsibilities of the undertakings, the shareholder of non-circulating shares of the Company shall not transfer any shares held.

Status of implementation: faithfully implemented.

3.4 Warnings of and reasons for any expected accumulated losses from the beginning of the year to the end of the following reporting period or substantial changes in profitability compared to the same period last year

x Applicable o Not applicable

The Company recorded a greater loss in the third quarter of 2008. As the fourth quarter is the traditional off-season for the aviation industry and the demands in the aviation markets may not be revived in the near future, the Company expects to record a loss for the year 2008.

3.5 Particulars of Securities investment

x Applicable o Not applicable

| No. | Stock code | Stock short name | Number of shares held at the end of the reporting period (shares) | Initial cost of investment (RMB) | Carrying amount at the end of the reporting period (RMB) | Carrying amount at the beginning of the reporting period | Item for accounting purpose |
|-----|------------|------------------|---|----------------------------------|--|--|-----------------------------|
| 1 | 600377 | JS Co, Ltd. | 200,000 | 360,000 | 360,000 | - | Financial assets available |

| | | | | | |
|----------|---------|---------|---------|---|--|
| | | | | | for sale |
| 2 000563 | 216,000 | 203,040 | 203,040 | - | Financial assets available for sale |
| Total | - | 563,040 | 563,040 | - | - |

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By order of the Board of
CHINA EASTERN AIRLINES CORPORATION LIMITED
Li Fenghua
Chairman

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

| | |
|---------------|--|
| Li Fenghua | <i>(Chairman, Non-executive Director)</i> |
| Li Jun | <i>(Vice Chairman, Non-executive Director)</i> |
| Cao Jianxiong | <i>(President, Executive Director)</i> |
| Luo Chaogeng | <i>(Non-executive Director)</i> |
| Luo Zhuping | <i>(Executive Director)</i> |
| Hu Honggao | <i>(Independent non-executive Director)</i> |
| Peter Lok | <i>(Independent non-executive Director)</i> |
| Wu Baiwang | <i>(Independent non-executive Director)</i> |
| Zhou Ruijin | <i>(Independent non-executive Director)</i> |
| Xie Rong | <i>(Independent non-executive Director)</i> |

Shanghai, the People's Republic of China
28 October 2008