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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)

**MEMORANDUM OF UNDERSTANDING RELATING TO THE
ESTABLISHMENT OF A JOINT VENTURE WITH
JETSTAR AIRWAYS PTY LIMITED**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Company and Qantas intend to establish the Joint Venture which will consist of a Hong Kong-based, Jetstar-branded low-cost airline. For such purpose, the Board is pleased to announce that on 23 March 2012, the Company has entered into the MOU with Jetstar (a wholly owned subsidiary of Qantas).

The establishment of the Joint Venture is subject to the execution of certain legally binding agreements by the parties and receiving relevant regulatory approvals. As such, the establishment of the Joint Venture may or may not proceed, shareholders of the Company and public investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

China Eastern Airlines Corporation Limited (the “**Company**”) and Qantas Airways Limited (“**Qantas**”) intend to establish a joint venture (the “**Joint Venture**”) which will consist of a new Hong Kong – based, Jetstar-branded low-cost airline (the “**Jetstar Hong Kong**”). For such purpose, the board of directors (the “**Board**”) of the Company is pleased to announce that on 23 March 2012, the Company has entered into a binding memorandum of understanding (the “**MOU**”) with Jetstar Airways Pty Limited (“**Jetstar**”) (a wholly owned subsidiary of Qantas).

It is the intention of the parties that Jetstar Hong Kong, which will be incorporated and have its principal place of business in Hong Kong, will have an initial capital of USD115 million (or equivalent HKD) to be contributed equally by the Company and Jetstar (i.e. USD57.5 million (or equivalent HKD) each), and with a possible capital increase up to USD198 million (or equivalent HKD). Jetstar Hong Kong will operate a fleet of three Airbus A320s initially, which is expected to grow to 18 Airbus A320s by 2015. The shareholding percentage in Jetstar Hong Kong will be equally held by the Company and Jetstar, which will be equal partners in

the Joint Venture, and certain investment terms may be adjusted subject to the requirements of relevant government authorities.

REASON FOR ENTERING INTO THE MOU

The low-cost airline market in Hong Kong has a significant development potential and room for growth, which provides the Company with opportunities for investing and developing the businesses in low-cost airline.

Jetstar is an Australian low-cost airline headquartered in Melbourne, Australia and is one of the leading low-cost airlines in the world. To the best of the knowledge, information and belief of the directors of the Company, and having made all reasonable enquiries, Jetstar and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules). The establishment and operation of Jetstar Hong Kong will take advantage of Jetstar's rich experience in low-cost airline operations and industry expertise of both Jetstar and the Company.

The establishment of the Joint Venture by the Company and Jetstar, a wholly owned subsidiary of Qantas, will deepen the corporation relationship between the Company and Qantas which will lay a good foundation for building an extensive mutual trust and establishing a comprehensive and broad corporation for both the Company and Qantas in the future.

The establishment of the Joint Venture is subject to the execution of certain legally binding agreements by the parties and receiving relevant regulatory approvals. As such, the establishment of the Joint Venture may or may not proceed, shareholders of the Company and public investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
中國東方航空股份有限公司
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>
Ma Xulun	<i>(Vice Chairman, President)</i>
Li Yangmin	<i>(Director, Vice President)</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 People's Republic of China
23 March 2012