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Join Hand in Hand to Herald a Better Future

China Eastern Airlines and Shanghai Airlines Review Restructuring

On February 8, China Eastern Air Holding Company (CEAH) and Shanghai Airlines held a meeting to review the restructuring process. Among those present were Meng Jianmin, deputy director of the State-Owned Assets Supervision and Administration Commission of the State Council (SASAC), Ai Baojun, vice mayor of Shanghai, Xia Xinghua, deputy director of the Civil Aviation Administration of China (CAAC), executives of CEAH including Liu Shaoyong, Li Jun, Ma Xulun, Luo Chaogeng, Chen Haiju, Liu Jiangbo, Xu Zhao and Gu Jiadan, and some 300 other staff members from the two carriers.

Li Jun, Vice President of CEAH, chaired the meeting and passed on the notes made by Zhang Dejiang, a member of the Politburo and Vice Premier, for the restructuring on February 6. Zhang said a new CEAH should adhere to the Deng Xiaoping Theory, the Three Represents, and the Scientific Development Concept. It should step up integration, innovation and reform to contribute to Shanghai's endeavor to become an international financial and shipping center, and aid to the growth of China's civil aviation sector.

Liu Shaoyong, simultaneously head of the restructuring panel, President of CEAH and Chairman of China Eastern Airlines Co., Ltd (CEA), briefed the restructuring in terms of "high efficiency and synergy," "mutual support and advancement," and "Expo services and Shanghai's role as a hub." The merger took more than six months from June 8, 2009—when China Eastern (CES) and Shanghai Airlines suspended trading of their shares—to the day of share swap, noted Liu. The majority of the boards, trade unions and shareholders' meetings of both airlines voted for the restructuring program, which was also approved by the SASAC, the CAAC, the Ministry of Commerce, the National Development and Reform Commission and the China Securities Regulatory Commission. The new corporation—as of the end of 2009—had RMB150 billion in total assets, 331 medium- and large-sized aircrafts and operated flights between 151 airports including those in New York, Los Angeles, Paris and Frankfurt. Overall, it is now one of the largest carriers in the world. The integrated airway network and resources will help synergize the strengthening of the brand image with the ability to offer more convenient and value-added services. Integrated maintenance, sourcing and logistics will avoid overlapping investment, reduce operating costs and help achieve sound development.

Meng Jianmin, Ai Baojun and Xia Xinghua congratulated CES and Shanghai Airlines on a successful merger. Wu Eryu, an employee of Shanghai Airlines and a national model worker, and Yin Aiming, a young outstanding CES captain, both said that they will do their best for a new, more promising CEAH.

The new CEAH listed “a successful merger” as the first challenge of 2010 that it must address in order to maintain safety, stability and business integration. The new CEAH, through aiming to be a leading carrier based in Shanghai, will in turn help the city turn itself into an aviation, financial and shipping hub, successfully host the Shanghai World Expo 2010, and promote the nation’s socio-economic development.