

China Eastern confirms merger plan with Shanghai Airlines



File picture taken on April 8, 2009 shows an aircraft of China Eastern Airlines takes off from the Hongqiao International Airport in Shanghai, China. A spokesman for China Eastern Airlines, a leading carrier in the country, confirmed on June 8, 2009 that it plans to merge with smaller rival Shanghai Airlines.(Xinhua Photo)

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SHANGHAI, June 8 (Xinhua) -- A spokesman for China Eastern Airlines, a leading carrier in the country, confirmed Monday that it plans to merge with smaller rival Shanghai Airlines.

"Starting June 8, China Eastern and Shanghai Airlines officially began their restructuring procedures," Liu Jiangbo, a China Eastern spokesman told Xinhua late Monday.

He would not provide further details.

Reports about the merger of the two state-owned carriers have been circulating for months.

China Eastern, which is listed in both Shanghai and Hong Kong, issued an announcement late Monday, saying that trading in shares of the company was suspended as of June 8, because it is engaged in an "significant restructuring plan" and an arrangement for "further reducing asset-liability ratio."

But meanwhile, the company said in the announcement that there are still "uncertainties for related matters," because the company needs policy consultation and argumentation.

Shanghai Airlines, whose shares are traded in Shanghai, also issued an announcement late Monday, almost the same as that of China Eastern.

Analysts believe the merger would give the new group a 50 percent market share in Shanghai, the headquarter for the two carriers, and help the combined carrier to be more competitive over its major rivals, Air China and China Southern Airlines.

China Eastern posted a loss of 13.9 billion yuan (2 billion U.S. dollars) last year while Shanghai Airlines reported a loss of 1.25 billion yuan (183.8 million U.S. dollars).



File picture taken on April 8, 2009 shows aircrafts of China Eastern Airlines (L) and Shanghai Airlines (R) at the Hongqiao International Airport in Shanghai, China. A spokesman for China Eastern Airlines, a leading carrier in the country, confirmed on June 8, 2009 that it plans to merge with smaller rival Shanghai Airlines.

(Xinhua Photo)

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