



Invitation Letter to Bid

Subject: One(1) B737-300 FFS#1 simulator for sale;

Date: [12th, MAR, 2014]

Dear Sir or Madam:

It is announced that China Southern Airlines Company Limited is planning to phase out one (1) B737-300 FFS#1 simulator. We are writing to invite any interested airline operator or agency to tender its proposal to purchase this equipment. The following requirements shall be followed in order to prepare an acceptable proposal.

1. Definition

- a) The “**Seller**” means China Southern Airlines Company Limited, having its principal office at No.278, Jichang Road, Guangzhou, the P.R.China.
- b) The “**Simulator**” means an Boeing B737-300 FFS#1 full flight simulator bearing serial number 038, manufactured by CAE Inc. with a visual system manufactured by LINK MILES including all accessories, spare parts and documentation
- c) The “**Buyer**” means any operator or agency.
- d) The “**Bidder**” means the interested Buyer who is the candidate to



purchase the Simulator.

2. The Seller's Policy:

The Simulator will be delivered in "as is where is" condition based on the forecasted technical data specified in the Appendix A, complying with the CAAC or Seller's regulations.

3. The Simulator Introduction

The Simulator Delivery Location: Zhuhai, Guangdong, PRC

4. The Sale Campaign

a) The Deadline of presenting proposal

Any proposal of bidding to the Seller shall be presented as of [15th, APR, 2014].

b) Bidding

A rule will be established to bid for fairness, justice and publicity. Any Bidder, who meets all the aforesaid conditions and scores the highest mark in accordance with the Seller's bidding assessment criteria will win the race of bidding and be the quasi Buyer.

c) Signature for LOI

The Seller shall sign a LOI with the Buyer to specify rights and obligations for this transaction.

d) The LOI deposit

The Buyer shall pay to the Seller the amount of LOI deposit in accordance with the LOI. The LOI deposit is non-refundable



except for a total loss of the Simulator.

- e) Signature for The Simulator sale and purchase agreement (“S&P Agreement”)

The Seller and the Buyer shall sign an S&P Agreement to layout all the details with regard to the Simulator on the condition that all the aforementioned requirements are met.

- f) The advance payment

The Buyer shall pay to the Seller the amount of advance payment in accordance with the S&P Agreement.

- g) Preparation for the Simulator delivery

Once the Buyer meets all the above conditions, the Seller shall make preparation for the Simulator delivery and circulate the technical documentation.

- h) The balance payment

The Buyer shall, at its own cost, pay the Seller the balance payment of purchase price before the delivery of the Simulator.

- i) Title transfer of Simulator

Immediately after the Buyer finalizes the balance payment of the Simulator, the Seller shall sign the title transfer certificates of the Simulator once it has been exported from the People’s Republic of China.

- 5. Payment: All payments shall be paid in cash, the Seller will not accept



any escrow payment or letter of credit.

6. Conditions Precedent

The Buyer shall provide sufficient documents listed hereunder to show that it is eligible and capable bidder:

(1) legal documents:

- business license (certified copy) or incorporation articles(certified copy);
- credit certification issued by relevant bank(as six month before bidding, original);
- the latest financial status including balance sheet audited (certified copy).

(2) brief introduction of the Buyer;

(3) Power of Attorney issued by the legal representative(original);

(4) Personal identification of the legal representative of the incorporation.

7. Contact Details

Ms. Juanjuan Chen

TITLE Project Manager

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Should notices in connection with any party's rights and obligations be sent by any party by telephone or email, the written letter notices shall be also required afterwards. The address of the Seller listed in this article shall be the post address.

8. The Seller's Statement

China Southern Airlines Co., Ltd. is the sole Seller of this deal and it won't authorize any broker, agency or agent on behalf of China Southern Airlines Co., Ltd. in the market to discuss this transaction. No broker, agency or agent will have the title of the Simulator and the right to sell the Simulator.

China Southern Airlines Co., Ltd. retains sole discretion in awarding mandates. This Invitation to Bid creates no legal obligations on China Southern Airlines Co., Ltd.. The transactions contemplated in this Invitation to Bid are subject to availability of all necessary governmental approvals of the People's Republic of China.

9. Force Majeure

Either party shall be excused from performing hereunder (except for the payment of money) to the extent that it is prevented from



performing as a result of any act or event which occurs and is beyond its reasonable control, including, without limitation, acts of God, war, or any action of a governmental entity; provided that the party experiencing the force majeure provides the other with prompt written notice thereof and uses all reasonable efforts to remove or avoid such causes.

10. Applicable Law & Arbitration

The formation, validity, interpretation, and execution of this Invitation Letter to Bid shall be governed by the relevant laws of the People's Republic of China.

In the event a dispute arises out, the parties shall attempt in the first instance to resolve the dispute through friendly consultations. If the dispute is not resolved in this manner within sixty (60) days after the commencement of consultations, then either party may submit the dispute for final decision by arbitration to the South China International Economic And Trade Arbitration Commission (Shen Zhen Court Of International Arbitration) for arbitration by one arbitrator in accordance with its rules. Such Arbitration shall be held at Shenzhen (the P.R.China), and the language of arbitration shall be English. The decision of the arbitrator shall be final and binding on the Parties hereto. The arbitrator shall have authority to determine and assess all expenses of the arbitration against one or both of the parties,

hereto.

11. Miscellaneous

- a) The Buyer shall submit one original document with cover page marked "ORIGINAL" and three copies with cover page marked "COPY". In case conflicts between original document and copy document, the original document shall prevail.
- b) Original and copy shall be signed by authorized representative or legal representative of the Buyer.
- c) The day mentioned hereto means natural calendar day.
- d) Appendixes shall be indiscerptible part of the Invitation Letter to Bid and shall have the same legal effect as the Invitation Letter to Bid.
- e) The subtitle is not the interpretation of the Invitation Letter to Bid but for the convenience of reference.
- f) The Bidder shall offer the purchase price after reviewing all information enclosed.
- g) Notwithstanding the foresaid, any Bidder shall be the qualified and suitable entity complying with any and all export regulations or rules of the UN, USA, EU, P.R.China and any other applicable jurisdictions.

This Invitation to Bid contains information which is commercially sensitive and proprietary to the Seller. You must maintain the information contained herein("Confidential Information") confidential and shall not

use any Confidential Information disclosed to it by the Seller except when expressly permitted in writing by the Seller or where required to be disclosed pursuant to any applicable law, governmental regulations or rules including but not limited to that of any applicable stock exchange. You shall take all reasonable measures to maintain the Confidential Information in its possession or control.

Your interest in this transaction and a prompt response will be most appreciated. Thank you very much.

Your Sincerely,



Senior Vice President

China Southern Airlines Company Limited (Stamp)



Appendix A: B737-300FFS Technical Information