



Invitation Letter to Bid

Subject: Seven (7) B757 aircrafts for sale;

Date: April 2 2014

Dear Sir or Madam:

It is announced that China Southern Airlines Company Limited is planning to phase out seven (7) B757 aircrafts. We are writing to invite any interested airline operator or agency to tender its proposal to purchase those equipments. 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, P.R.China.
- b) The “**Aircraft Packages**” means the seven (7) B757 Aircrafts, any of which shall be referred to as the “**Aircraft**,” each with two (2) engines specified in the Clause 3 below and certain spare engines and spare parts. The “**Buyer**” means any operator or agency.
- c) The “**Bidder**” means the interested Buyer who is the candidate to



purchase the Aircraft Package.

2. The Seller's Policy:

a) The Aircraft Package can be sold linked with new lease. Should the Buyers intend to purchase the Aircraft from the Seller and lease new aircraft (A320 series or B738 series) to the Seller, the Seller may be willing to establish a link between the purchase of the Aircraft and the leasing of new aircraft in the proportion of 1:1.5.

b) All the seven Aircrafts with its engines (other than the spare engines) of the Aircraft Package will be delivered in "as is where is" condition based on the forecasted technical data complying with the CAAC or Seller's regulations. The Buyer shall accept and take delivery of the Aircraft by the end of 2014.

3. The Aircraft Package Introduction

a) Delivery Schedule

I. Aircraft Delivery Schedule

The seven (7) aircrafts shall be available for delivery to Buyer with installed engines as stated below:

Aircraft Model	Minor Variant	Registration Number	MSN	Year of Build	Engine Model	MTOW (kg)
757-200	2Y0	B-2831	26153	1992	RB211-535E4	108862
757-200	2Y0	B-2827	26156	1992	RB211-535E4	108862
757-200	236	B-2835	25598	1993	RB211-535E4	113398
757-200	21B	B-2823	25888	1993	RB211-535E4	108862
757-200	21B	B-2824	25889	1993	RB211-535E4	108862

757-200	21B	B-2825	25890	1993	RB211-535E4	108862
757-200	2Z0	B-2838	27260	1994	RB211-535E4	104326[CSA legal1]

b) Delivery Location

I. Aircraft Delivery Location:

Registration Mark	MSN	Delivery Location
B-2831	26153	Urumqi, Xinjiang
B-2827	26156	Urumqi, Xinjiang
B-2835	25598	Urumqi, Xinjiang
B-2823	25888	Urumqi, Xinjiang
B-2824	25889	Urumqi, Xinjiang
B-2825	25890	Urumqi, Xinjiang

4. The Sale Campaign

a) Deadline of presenting proposal

Any proposal of bidding to the Seller shall be presented as of 22 April, 2014

b) Signature for LOI

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

c) c) Signature for The Aircraft Package 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 Aircraft Package on the condition that all the aforementioned requirements are met.

d) The advance payment



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

e) Preparation for Aircraft Package delivery

Once the Buyer meets all the above conditions, the Seller shall make preparation for Aircraft Package delivery and circulate the technical documentation. The Buyer shall have its representative to inspect the Aircraft Package.

f) Technical Acceptance

The Buyer shall sign the technical acceptance certificates pursuant to the S&P Agreement.

g) The balance payment

The Buyer shall, at its own cost, pay the Seller the balance payment of purchase price before the Aircraft Package delivery and its ferry flight.

h) Title transfer of aircraft

Immediately after the Buyer finalizes the balance payment of Aircraft Package and signs the technical acceptance certificates of aircraft, the Seller shall sign the title transfer certificates of aircraft at the delivery of the aircraft.

5. Payment: All payments shall be paid in cash, the Seller will not accept any escrow payment or letter of credit.

6. Conditions Precedent



If Buyer proposes to inspect the aircraft, Buyer shall provide the following to the satisfaction of the following conditions:

a) 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.

b) In the event of any total loss of any aircraft, the bidding deposit will be refunded proportionally based on the loss percentage of the Aircraft Package

c) A commitment letter will be issued to any Bidder to ensure the bidding deposit may be refunded to the Bidder in accordance with Clause 4.a) and Clause 6.b) of this Invitation Letter to Bid.



7. Contact Details

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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 aircraft market to discuss this transaction. No broker, agency or agent will have the title of the Aircraft Package and the right to sell the Aircraft Package.

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.

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

Your Sincerely,

China Southern Airlines Company Limited (Stamp)