CHINA SOUTHERN AIRLINES COMPANY LIMITED

REQUEST FOR PROPOSAL

中国南方航空股份有限公司公开竞价函

November, 4th, 2021
2021 年 11 月 4 日

To whom it may concern 敬启者

(A) Background 背景

China Southern Airlines Company Limited (CSACL) would like to introduce a batch of aircraft including Twenty(20) A320NEO and A321NEO to be delivered within the year of 2023 (hereinafter referred to as the Aircraft all together or Each Aircraft for individual) by means of operating lease. (The Transaction).

中国南方航空股份有限公司（“南航”）拟通过经营租赁方式在 2023 年引进 20 架飞机（“交易”），机型包括 A320NEO 和 A321NEO 飞机（单独或统称为飞机）。

(B) Request for Proposal 报价基础

If you are a Lessor who meets the requirements listed in part (C) of this RFP below (a **Qualified Lessor**), you may submit a proposal for the Transaction for all Aircraft or some of the Aircraft. The terms of your proposal are expected to **strictly follow** (i) the terms set out in this RFP and (ii) the specific requirements of this Transaction which will be provided to you after we verify that you satisfy the requirements listed in part (C) and are a Qualified Lessor.

如果您是符合以下（C）要求的出租人，您可以就上述交易提交飞机报价。我们希望报价内容严格遵照本竞价函的条件及具体要求，该要求将在您通过出租人资质审核并确认为“符合资质的出租人”后提供给您。

CSACL will evaluate your proposal from the perspective of economic analysis, compliance with requirements of this RFP and of CSACL and any other factors which CSACL considers relevant. CSACL reserves the right to reject any or all proposals. Any or all agreements which are reached in connection with this Transaction shall subject to obtaining the relevant government approvals and/or the board approval of CSACL.

南航将从经济分析角度、是否符合竞价函中的要求及其他相关方面对报价进行评估。南航保留拒绝报价的权利。本交易达成的任何协议需经政府相关部门和/或南航董事会审批。

(C) Qualification of Lessor 出租人资质

The Lessor who submits a proposal shall meet the following requirements:
1． The country of domicile or incorporation of the Lessor, shall maintain diplomatic relations with the People's Republic of China. This is not applicable to the Lessor who is domiciled or incorporated in Mainland China, Hongkong SAR, Macau SAR or Taiwan.
2. The Lessor has confirmed A320NEO/A321NEO positions in the year of 2023 which are available for operating lease as contemplated in the Transaction.
3. The Lessor should have a portfolio of no less than thirty (30) aircraft inclusive of owned aircraft and confirmed orders.
4. As of the date of this RFP, the Lessor, any entity that has majority ownership or control (directly or indirectly) of the Lessor (**Lessor Parent**), any subsidiaries or any other entity which the Lessor or the Lessor Parent has majority ownership or control of (directly or indirectly), or any guarantor providing a guarantee of the Lessor's obligations to CSACL under the Transaction (if any) is not and shall not have been a party to a legal or administrative proceedings or arbitration against CSACL, any entity that has majority ownership or control (directly or indirectly) of CSACL (**CSACL Parent**), any subsidiaries or any other entity which CSACL or CSACL Parent has majority ownership or control of (directly or indirectly), as applicable(**China Southern Group Members**). Any individuals who have been the directors, supervisors or executive officers of the companies which are currently or have been parties to legal or administrative proceedings or arbitrations against China Southern Group Members, shall not be employed by Lessor, Lessor Parent, any other entity which the Lessor or the Lessor Parent has majority ownership or control of (directly or indirectly), or any guarantor providing a guarantee of the Lessor's obligations to CSACL under the transaction (if any).
5. The Lessor, its parent, subsidiaries, other companies controlled by its parent or any third party providing guaranty for the Lessor (if any), or any individual having control over, or serving as the senior management of, the aforementioned entities shall be subject to any sanction or similar measures issued by the government of the PRC or the United Nations.

提供报价的出租人必须满足以下条件：
1.出租人所在国需与中国保持正常外交关系；如出租人公司位于中国大陆，香港特别行政区、澳门特别行政区或台湾，则不适用此条件。
2.出租人须拥有确认的 2023 年 A320NEO/A321NEO 机位，该机位能够进行经营租赁交易；
3.出租人拥有的飞机和确认订单的飞机总计不少于 30 架；
4.截至本竞价函发布之日，出租人及其母公司、子公司、其母公司控制的其他公司和为其提供担保的第三方实体（若有）都与南航及南航的母公司、子公司及南航母公司控制的其他公司没有法律纠纷。出租人及其母公司、子公司、其母公司

控制的其他公司和为其提供担保的第三方实体（若有）未聘用并在整个租期内不得聘用曾与南航集团成员公司发生过法律纠纷的实体的董事、监事、高级管理人员；
5. 出租人及其母公司、子公司、其母公司控制的其他公司和为其提供担保的第三方实体(若有)，以及控制上述实体或担任其高级管理人员的任何个人未受到中国政府或联合国公布的任何制裁或类似措施。

(D) Structure of Transaction 交易结构

The Lessor selected by CSACL will lease Each Aircraft to CSACL by way of an operating lease (the **Lease**). Under the Lease, CSACL shall have no obligation to purchase the Aircraft upon expiry or termination of the Lease.

南航选定的出租人将以经营租赁方式将每架飞机租赁给南航（“租赁”）。在经营租赁项下，南航在租赁期末没有购买飞机的义务。

Since the jurisdiction of incorporation and tax residence of the Lessor will affect the risk and economic cost of each Lease to CSACL. CSACL strongly requests that each Aircraft be leased to CSACL using a tax optimized structure, including through one or more intermediate special purpose vehicles (**SPV**) set up in any Free Trade Zone in China (**FTZ China**). The SPV could be owned or controlled by either Lessor or CSACL. CSACL strongly suggests that SPV set up in any FTZ China is owned and controlled by Lessor. In your proposal, please state clearly Lessor's jurisdiction of incorporation, and whether the Lessor will set up an SPV within FTZ China, or lease the Aircraft through an SPV set up by CSACL. If, in your proposal, Lessor can accept to lease the Aircraft through SPV owned or controlled by either Lessor or CSACL, CSACL shall have the right to determine whether the CSACL or Lessor shall own or control the SPV in the LOI or lease agreement negotiation.

出租人的注册地和缴税居民身份不同会对南航的租赁成本有不同的影响,因此南航强烈要求每架飞机通过税收优化的结构把飞机租给南航，包括通过出租人或南航设于中国自由贸易区的项目公司转租赁给南航，项目公司可以由出租人或南航所有和控制，南航强烈建议由出租人所有并控制项目公司。请在报价中清楚列明出租人所在地，出租人是否将在中国保税区设立项目公司，或者出租人是否愿意通过南航设立的保税区项目公司来开展租赁。如果在报价中出租人表示既可以接受通过由出租人所有或控制的项目公司租赁飞机，也可以接受通过南航所有或控制的项目公司租赁飞机，则南航在意向书或合同谈判中有权决定该项目公司是由南航和出租人中的哪一方设立或控制。

(E) Requirements of CSACL in respect of Lease 经营租赁要求

In respect of Each Aircraft: 对于每一架飞机

Lessor 出租人	Lessor shall be legally incorporated in a jurisdiction acceptable to CSACL. 出租人必须是在南航可接受的管辖区内合法设立的公司。
Lessee 承租人	CSACL. 南航
Aircraft Quantity, Type and Delivery Period 机型、数量和交付时间	Twenty(20) brand new A320NEO and A321NEO to be delivered within the year of 2023. 20 架于 2023 年交付的全新A320NEO和A321NEO飞机。
Lease Term 租期	The term of leasing of the Aircraft will commence on the Delivery Date and continue for a term of ten (10) or twelve (12) years. The Lessee has the right to redeliver the Aircraft three (3) months before or after the tenth (10^{th}) or twelfth (12^{th}) year anniversary to coincide with the time of completion of the redelivery check respectively. Please follow above requirement and provide the Proposal with a Lease Term of ten(10) years and twelve(12) years respectively. 飞机租赁期从交付日开始 10 年或 12 年。承租人可根据退租检完成日期，选择提前或推后 3 个月退租飞机。请按上述要求提供 10 年及 12 年两种租期情况下的报价。
Rent 租金	Lessor shall calculate and provide a fixed rent according to the expected delivery month of the Aircraft. Lessor shall consider Manufacture's Escalation Factor and its financial cost when calculating the fixed rent. This fixed rent, once provided, will not be adjusted in accordance with Manufacture's Escalation Factor or swap rate changes and will be fixed throughout the lease term except for the SPEC changes which result in rental adjustment. 出租人需根据飞机交付时间计算并提供固定月租金的金额。出租人在计算租金时需考虑生产商涨价指数和融资成本。一旦提供该固定租金，不再根据生产商涨价指数和掉期利率变化而调整，而且将在整个租期中保持固定，除非是因构型变化导致租金调整。 CSACL shall have the option to either (i) settle the cost related to SPEC Changes by making a lump sum payment (or a lump sum rent deduction) to the Lessor immediately prior to the Delivery Date or (ii) by paying an increased amount of Rent on each rent payment date during the Lease Term (the

Modification Rent) reflecting the cost of such SPEC Changes, which will be discussed during the LOI negotiation

对于构型变化产生的费用，南航有权利选择在飞机交付前一次性支付 (或一次性租金抵扣)或采用租期内增加每期租金的方式进行补偿（“构型改装租金”）,具体在意向书谈判阶段讨论。

CSACL strongly recommends Lessor(s) to provide the Rent expressed in USD and RMB respectively. In evaluation of proposal process (as set out in Section(I)), CSACL will rank the proposal with the Rent expressed in RMB along with the proposal with the Rent expressed in USD, and tend to consider the proposal with the Rent expressed in RMB prior to the proposals with the Rent expressed in USD appropriately.

强烈建议出租人同时提供人民币和美元两种报价，南航将在报价评估中把所有出租人的报价（含人民币和美元）合并排序，并视情优先考虑人民币报价。

Security Deposit
定金

1. For each Aircraft, a security deposit in an amount equal to two months' rent will be provided to Lessor as follows: a net cash amount equal to US$100,000 will be paid to Lessor five（5）business days after the signing of LOI.
2. A net cash amount equal to the remaining of one month's rent less US$100,000 will be paid to Lessor five（5）business days after the signing of Lease Agreement.
3. Lessee will provide to Lessor a standby Letter of Credit by authenticated swift in an amount equal to two months' rent prior to delivery of the Aircraft and Lessor shall return to Lessee the cash portion of the security deposit received from Lessee immediately after receipt to the Letter of Credit.

It is acknowledged by Lessor that, the principal branches located in Guangzhou or other major PRC cities of Bank of China, China Construction Bank, Industrial & Commercial Bank of China and the Agricultural Bank of China shall be acceptable to Lessor as Letter of Credit issuing bank. Lessor will not require any such letter of credit to be confirmed by any local or overseas confirming bank.

Should the delivery of the Aircraft not occur as a result of any event or other circumstances which is not within the sole

and direct control of Lessee, the cash Deposit (if any) shall be returned to Lessee and/or the Letter of Credit (if any) shall be cancelled and returned to the Lessee within five (5) business days, as the case may be.

对于每一架飞机，承租人将向出租人提供等同于两个月租金的定金。

1、意向书签署后 5 个工作日内支付 10 万美元的现金定金。
2、租赁合同签署后 5 个工作日内支付 1 个月租金减去 10 万美元后的金额作为现金定金。
3、飞机交付前，承租人委托银行以电开的形式向出租人提供等同于两个月租金的备用信用证，出租人收到信用证后（5 个工作日内）将现金定金退还给承租人。

出租人确认中国银行、中国农业银行、中国工商银行和中国建设银行在广州或各大中国主要城市的分行均可作为信用证的出证银行。出租人不要求信用证由当地或海外银行保兑。

如果飞机未能交付，且不是因为承租人单方面可控制的原因，出租人需在 5 个工作日内返还承租人现金定金（如有）或退还信用证（如有）。

Conditions on Lessor's Right of Transfer or Assignment
出租人代位及出售条件

Lessor and Owner's rights of transfer, assignment or sale of its rights and/or obligations to a new party (the Transferee) are subject to compliance with the following conditions:

1. Except for any Transferee which is domiciled or incorporated in Mainland China, Hongkong SAR, Macau SAR or Taiwan, the country of domicile or incorporation of the Transferee maintains diplomatic relations with the PRC.
2. The net worth of Transferee or the net worth of any parent of Transferee which guarantees in full the obligations of the Transferee is for the one (1) year period prior to such transfer assignment or sale, not less than Twenty-Five Million U.S. Dollars (US$25,000,000).
3. The transfer, assignment or sale will not increase the risk, cost or obligation to CSACL or decrease the rights of CSACL.
4. CSACL will not be obligated to pay any greater amount following such assignment or sale than it would have had to pay but for such transfer, assignment or sale and the Lessor will indemnify CSACL on demand for any loss suffered or cost incurred as a result of such transfer, assignment or sale.

5.Transferee, Aircraft owner (Owner) and Owner's lender (which, for the avoidance of doubt, may be represented by or acting through a security trustee or security agent) will, prior to such assignment or sale being effective, have given CSACL a quiet enjoyment undertaking or a confirmation that any quiet enjoyment undertaking previously given is still valid and in full force and in effect and an acknowledgment that each of Transferee, Owner and/or Owner's lender (which, for the avoidance of doubt, may be represented by or acting through a security trustee or security agent), as the case may be, agree to be bound by the terms.
6.The Transferee, any entity that wholly owns or controls the Transferee (Transferee Parent), any subsidiaries or any other entity which is majority owned or controlled (directly or indirectly) by the Transferee or the Transferee Parent, as applicable, is not and shall not have been party to a legal or administrative proceedings or arbitration against CSACL, any entity which directly or indirectly owns or controls majority of CSACL (CSACL Parent), any subsidiaries or any other entity [100%/majority] owned or controlled (directly or indirectly) by CSACL or CSACL Parent, as applicable, prior to or at the time of such assignment or sale.
7. The Transferee shall be reputable with reasonable experience in aircraft leasing and have international operations (or will be managed or serviced by entities which are reputable with reasonable experience in aircraft leasing and have international operations).
8. The Lessor shall reimburse Lessee's reasonable and properly documented costs and expenses incurred in co-operating with Lessor or Owner (as the case may be) in connection with such proposed transfer including in providing technical personnel to be present in connection with any Lessor-required inspection of the Aircraft. Specifically, in respect of any transfer or sale, Lessor shall reimburse Lessee the amount of US$20,000.
9. Others.

出租人和所有人代位或出售须符合下列条件:
1.出租人和所有人所在国需与中国保持正常外交关系；如出租人公司位于中国大陆，香港特别行政区、澳门特别行政区或台湾，则不适用此条件；
2.在代位的前一年里，受让方或为受让方在租约项下的所有义务提供担保的母公司都拥有不少于 2500 万美元的净值；
3.代位或出售都不得减损承租人权利或增加承租人的风

险、支出和义务；
4.承租人不得因代位或出售而支付更多费用，且出租人应赔偿应代位或出售而导致承租人承受的损失或支出；
5.受让人、飞机所有人和所有人的融资方均应向南航提供安享函；
6.受让人及其母公司、子公司、其母公司控制的其他公司都与南航及南航的母公司、子公司及南航母公司控制的其他公司没有并且不曾有过法律纠纷；
7.受让人或其管理公司应能够开展国际业务，具备合理的飞机租赁业务的经验和良好的信誉；
8.出租人应补偿承租人因配合该代位产生的合理费用，另外，出租人还应支付两万美元代位费；
9. 其他。

Delivery Location
交付地点

The Aircraft shall be delivered at the location of its manufacturer.

飞机应在其制造商所在地交付。

Permitted Sub-lessees
允许转租人

Lessee will be entitled to sublease the Aircraft to a Permitted Sub-lessee without the prior consent of the Lessor. A permitted Sub-lessees list will be agreed between Lessor and Lessee and included in the Lease.

承租人有权利在未经出租人同意的情况下将飞机转租给“允许转租人”。出租人将和承租人共同协商允许转租人的名单并将其包括在租赁协议中。

Agreed Value
投保价值

You are required to propose a schedule of Agreed Values which will decline annually over the Lease Term.

请提供飞机投保价值，该投保价值在租期内应逐年递减。

Transaction Expenses
交易费用

Lessor and Lessee will each bear its own legal and out- of-pocket expenses incurred in connection with the Transaction.

出租人和承租人应各自承担交易的法律费用和相关开支。

Technical conditions
技术条款

See Attachment A and B for technical conditions including but not limited to Aircraft specification, delivery condition and redelivery condition.
技术条款包括但不限于飞机构型、交付条件和退租条件参见附件 A 和附件 B.

(F) Verification of Lessor's Qualification 审核出租人资质

If you are interested in the Transaction, please send us an email on or before, 17:00 November 11rd, 2021(Beijing Time) to the following contact together with evidence of your portfolio as set out in above (C) 2 and (C) 3, and make a statement by email that you meet the requirement as set out in above (C) 4 and (C) 5. We will verify your qualification and send the detailed requirements to all Qualified Lessor on or before 24:00 November 15th, 2021 (Beijing Time) by email.

如果您对上述交易感兴趣，请在北京时间 2021 年 11 月 11 日 17 点前发邮件给以下联系人并附上上述（C）2 和（C）3 中要求的机位情况、飞机架数并在邮件正文中声明符合上述（C）4 和（C）5 要求。我们将审核您的资质并在北京时间 2021 年 11 月 15 日 24 点前将具体要求以邮件方式发给所有符合资质的出租人。

Amy Zhang (张乐萌)
Fleet Planning, Strategic Planning & Investment Division
China Southern Airlines Company Limited
Email: zhanglma@csair.com

Yujie Chen (陈宇杰)
Fleet Planning, Strategic Planning & Investment Division
China Southern Airlines Company Limited
Email: chenyja@csair.com

Jenny Hu (胡伊维)
Aircraft Lease Management, Finance Division
China Southern Airlines Company Limited
Email: huyw@csair.com

Mark Chen (陈智杰)
Aircraft Lease Management, Finance Division
China Southern Airlines Company Limited
Email: chenzhijiea@csair.com

Huiwan Xu (徐慧琬)
Aircraft Lease Management, Finance Division
China Southern Airlines Company Limited
Email: xuhuiwan@csair.com

Candice Lin (林婧如)
International Legal Affairs/ Laws & Standards Division
China Southern Airlines Company Limited

Email: linjingru@csair.com

Carmen Luo (罗岚)
International Legal Affairs/ Laws & Standards Division
China Southern Airlines Company Limited
Email: luo_lan@csair.com

(G) Submission of Proposal 提交报价

Please put four (4) hard copies of original of your proposal duly signed by an authorized signatory and an USB containing the electronic version of your proposal in an envelope and seal it and submit your proposal on December 7th, 2021 (Beijing Time) at a designated place in CSACL Building located in No. 68 Qixin Road, Guangzhou, China.

请将4份经授权签署的报价原件纸质版和一个存有报价电子版本的USB放入一个信封，密封后在北京时间2021年12月7日提交到位于中国广州齐心路68号指定地点。

(H) Modifications to RFP 竞价函修改

CSACL may, at its sole discretion, vary the terms of the RFP from time to time before the required time of submission of proposals referred to in (G) above. If CSACL varies the terms of the RFP, CSACL will notify you in writing.

在上述（G）中提到的报价截止日前，南航有权决定是否修改报价要求，如果有修改，南航会以书面形式通知。

(I) Evaluation of Proposal 报价评估

After the submission of the first proposal (the **First Proposal**), CSACL will choose the proposals which are in compliance with (i) the terms of this RFP（ii）Aircraft Specification as defined in Attachment A and (iii) strict compliance with Mandatory Terms as defined in Attachment B. CSACL will evaluate the chosen proposal by respective aggregated present value of the All-inclusive Lease Cost for each Lease, including the all-in rental cost, the total redelivery compensation amount, technical incremental cost (as described in Attachment B) (the **All-inclusive Lease Cost**), and select a certain number of aircraft ranking from the lowest aggregated present value of All-inclusive Lease Cost (Shortlisted Aircraft). The Lessor(s) of all the Shortlisted Aircraft will be invited to submit an optimistic proposal. (The **Second Proposal**)

第一轮报价后，南航将首先评估报价是否符合（i）此竞价函要求（ii）附件 A 的

飞机构型要求和（iii）附件 B 中的基础条款。对于符合上述要求的报价，南航将评估其租赁综合成本的净现值，包括租金成本、大修赔偿金、技术增量成本（在附件 B 中定义）。按净现值由低到高选择部分飞机进入第二轮，并邀请这些飞机的出租人进行第二轮报价。

Similarly, after the submission of the Second Proposal, CSACL will invite Lessor(s) with Second Proposals to a face to face meeting.Thereafter, Lessor(s) will have an opportunity to improve the proposals.CSACL will evaluate improved Second Proposal by their respective aggregated present value of the All-inclusive Lease Cost for each Lease. Based on the result of the final evaluation of the proposals, CSACL will shortlist the proposals as the number of the aircraft in need. Lessor(s) whose proposals are shortlisted will be invited into LOI negotiations with CSACL.

第二轮报价后，南航将向参与第二轮报价的出租人提供约谈和改善报价的机会，并根据改善后报价的综合成本净现值评估结果确定飞机数量，与这些飞机的出租人进行意向书谈判。

With respect to one proposal, should only part of the aircraft be shortlisted to submit optimistic proposal pursuant to the above-mentioned criteria, the remaining aircraft of the same type in such proposal shall also be considered shortlisted.

一份报价若按以上标准只有部分飞机入围第二轮报价或约谈，则该份报价所有剩余同机型的飞机一并入围。

Should CSACL and the said Lessor(s) fail to reach an agreement during LOI negotiations, CSACL reserves the right to invite the Lessor with the next lowest aggregated present value of All-inclusive Lease Cost in respect of the relevant Lease to enter into LOI negotiations with CSACL.

如南航和相关出租人在意向书谈判中无法达成一致，南航有权依次邀请租赁综合成本次低的飞机的出租人进行意向书谈判。

For and on behalf of
China Southern Airlines Company Limited

Yuan Jintao
Senior Vice President
Strategic Planning & Investment Division