

Asia Ex-Japan DC Meeting Statement – 10 May 2022

Sunac China Holdings Limited

Issue Number 2022042701

1. The Asia Ex-Japan DC met on Friday 6 May 2022 to discuss whether a Failure to Pay Credit Event had occurred with respect to Sunac China Holdings Limited (the **Reference Entity**) due to the non-payment of the Reference Entity's obligations in respect of the USD 155,000,000 Facility Agreement dated 4 June 2021 for the Reference Entity as Borrower and China Construction Bank (Asia) Corporation Limited as Agent (the **Facility**).
2. The Asia Ex-Japan DC considered the Publicly Available Information submitted by the Eligible Market Participant that raised the DC Question. The information provided indicated the occurrence of a Mandatory Prepayment Event under the Facility and related non-payment by the Reference Entity as Borrower. According to the email correspondence from the Agent, the Mandatory Prepayment Event occurred pursuant to the downgrade to B- of the long-term issuer default rating of the Reference Entity by Fitch Ratings Limited and that payment remained outstanding as of 12 April 2022.
3. The Asia Ex-Japan DC determined that (i) the Facility constituted an Obligation of the Reference Entity; and (ii) the Reference Entity had failed to make payments in respect of such Obligation in accordance with its obligations under the Facility in excess of the Payment Requirement. The Asia Ex-Japan DC also considered the 2019 Narrowly Tailored Credit Event Supplement to the 2014 Credit Derivatives Definitions and concluded that there was sufficient Eligible Information to determine that the Credit Deterioration Requirement was satisfied.
4. The Asia Ex-Japan DC noted that a Failure to Pay Credit Event for the purposes of the 2014 Definitions can only occur following the expiry of the relevant grace period. The relevant grace period is any relevant grace period under the relevant Obligation, where factually applicable, or a deemed grace period per the 2014 Definitions.
5. The Asia Ex-Japan DC noted that the terms of the Facility apply a grace period for the failure to pay Event of Default if such failure to pay is caused by: (i) administrative or technical error; or (ii) a disruption event; and such payment is made within three business days. According to the notices from the Agent submitted as Publicly Available Information, there had been no communication by either the Borrower or the Reference Entity as of 12 April 2022 suggesting these circumstances apply. As such and consistent with the approach taken in respect of Logan Group Company Limited, the Asia Ex-Japan DC determined that on the basis of the information available, the grace period under the Facility did not apply, and therefore the deemed Grace Period under Section 1.46(c) of the 2014 Definitions applied.
6. Following the non-payment by the Reference Entity as of 6 April 2022, in respect of standard CDS with a standard Scheduled Termination Date, the Grace Period therefore expired immediately prior to midnight on 11 April 2022.
7. Accordingly, the Asia Ex-Japan DC concluded that a Failure to Pay Credit Event had occurred with respect to the Reference Entity and the date of the Failure to Pay Credit Event was 11 April 2022 for Standard Asia Corporate Transactions.
8. In respect of CDS with a non-standard Scheduled Termination Date that occurred between 6 April 2022 and 11 April 2022, the Grace Period would expire no later than the Scheduled Termination Date in accordance with Section 1.46(c) of the 2014 Definitions. In that fact pattern, the Notice Delivery Period would end prior to the Credit Event Resolution Request Date determined by the Asia Ex-Japan DC, and accordingly the Event Determination Date for such CDS (assuming it was otherwise standard

except for the Scheduled Termination Date) would be determined in accordance with Section 1.16(a)(i) of the 2014 Definitions to the extent that the relevant Credit Event Notice for such CDS was effectively delivered. To the extent relevant, the settlement suspension period for the purposes of Section 10.1 of the 2014 Definitions would run from the DC Credit Event Meeting Announcement on 4 May 2022 to the date of the DC Credit Event Announcement. The relevant suspended timing requirements specified in Section 10.1 of the 2014 Definitions will resume on the Business Day following the date of the DC Credit Event Announcement (being the date the decision was published).

9. The Asia Ex-Japan DC will meet again in due course to discuss settlement of Credit Derivative Transactions referencing the Reference Entity.