29 Sep 2025

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *This morning, there were two-way flows on front-end CICCHK FRNs and front-end LGFVs. We saw small selling on long-end AT1s. VLLPM 9 3/8 07/29/29 was down 1.3pts. NUFAU 30/YUEXIU 31/QDJZWD 28 were 0.4-0.5pt higher.*

- ***NWDEVL:** Near-term refinancing risk considerably relieved despite widened FY25 losses on non-cash write-down. NWDEVL 30 was down 0.9pt this morning. See below.*

- ***VEDLN:** Vedanta Resources to market USD 144A/Reg S 7NC2 USD bonds today. VEDLN 29-33s were down 0.1-0.3pt this morning.*

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❖ Trading desk comments 交易台市场观点

Last Friday, the new MITEST 4.352 10/02/30 was 1bp tighter from RO at T+58. The new HANMIL 4 ¼ 10/01/30 was 1bp wider from RO at T+78. The recent CHKK 4 ¼ 09/26/30 tightened 1-2bps. OCBCSP 35 widened 1-2bps. AMs/RMs were buying front-end FRNs to park cash and offload risk. Chinese financial FRNs tightened 1-3bps, along with some JP financial FRNs and KR quasi-sovereign/corps FRNs. HYUELE/HYNMTR closed unchanged amid better-buying. We saw better selling on AU/JP capital papers like CBAAU/NOMURA, which widened 2-3bps. RMs were selling long-dated-to-call perps across Greater China and APAC higher-beta bonds, Japanese AT1s and insurance hybrids, and Yankee AT1s. The NWDEVL complex were 0.2-1pt lower. See comment below. We saw better-selling flows on higher-yielding names HONGQI/FOSUNI/CPDEV/GRNCH from institutions in attempt to lock-in profit and trim risk. On the other hand, LASUDE 26/EHICAR 26-27s were up 0.4-1.3pts. In Chinese properties, VNKRLE 27-29s recovered 1.1-1.6pts. See our comments last Friday. FUTLAN 28/FTLNHD 25-26s were 0.1-0.2pt higher. Seazen issued RMB900mn MTNs guaranteed by CBICL. LNGFOR 27-32s were 0.1pt lower to 0.2pt higher. In Southeast Asia, VLLPM 27-29s were down 1.6-1.7pts. VEDLN 28-33s were unchanged to 0.5pt lower. SMCGL Perps were unchanged to 0.3pt higher. LGFVs were generally stable amid light flows ahead of next week's China National Day long holiday.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change
VNKRLE 3.975 11/09/27	**77.0**	**1.6**
LASUDE 5 07/28/26	**59.0**	**1.3**
CCAMCL 4 3/4 12/04/37	**94.4**	**1.2**
VNKRLE 3 1/2 11/12/29	**69.0**	**1.1**
EHICAR 12 09/26/27	**70.2**	**0.9**

Top Underperformers	Price	Change
VLLPM 7 1/4 07/20/27	**69.5**	**-1.7**
VLLPM 9 3/8 07/29/29	**58.1**	**-1.6**
YUZHOU 7 06/30/27	**12.7**	**-1.2**
NWDEVL 5 1/4 PERP	**43.2**	**-1.0**
NWDEVL 6 1/4 PERP	**34.7**	**-1.0**

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (+0.59%), Dow (+0.65%) and Nasdaq (+0.44%) were higher on last Friday. US Aug'25 Core price index was +0.2 mom/+2.9% yoy, same as the market expectation. UST yield was higher on last Friday. 2/5/10/30 yield was at 3.63%/3.76%/4.20%/4.77%.

❖ Desk Analyst Comments 分析员市场观点

➢ NWDEVL: Near-term refinancing risk considerably relieved despite widened FY25 losses on non-cash write-down

NWD reported weaker FY25 results with lower core operating profit and widened net losses, reflecting significant non-cash impairment and valuation losses. Core operating profit fell 13% yoy to HKD6.0bn, while the attributable net loss widened to HKD16.3bn from HKD11.8bn in FY24. Revenue declined 23% yoy, mainly due to lower construction revenue and fewer bookings from Mainland China property developments. Projects delivered in Hong Kong during the year included Mount Pavilia, Uptown East, Fleur Pavilia, and 888 Lai Chi Kok Road. Gross profit declined 10% yoy, while gross margin increased by 609 bps yoy. See Table 2.

In FY25, contract sales and NCD totaled HKD26bn; NWD set an FY26 target of HKD27bn. Pre-sales for The Pavilia Forest, State Pavilia, and Deep Water Pavilia were well received since launches, recording contract sales of HKD4.0bn, HKD3.6bn, and HKD6.3bn, respectively. NWD expects HKD20.0bn of contract sales to be booked in FY26 and FY27, of which HKD16.9bn are from Hong Kong projects, including The Pavilia Farm III, Deep Water Pavilia, State Pavilia, Mount Pavilia, and The Pavilia Forest. Capex was HKD12.6bn in FY25, meeting the revised target of below HKD13bn; FY26 capex is targeted below HKD12bn.

As of Jun'25, NWD's net debt (excl. perps) was HKD129.6bn, down marginally from HKD133.5bn in Jun'24. Net gearing, however, rose to 62.7% from 59.4% in 1H25, reflecting the lower equity resulting from non-cash write-down. That said, we take comfort with the refinancing of bank loans of HKD88.2bn, as well as securing new loans from DB of up to HKD5.9bn (cUSD760mn). As per the press release dated 25 Sep'25, the initial committed tranche is up to HKD4.0bn. The new facility is secured by a first-ranking mortgage over Victoria Dockside assets, and NWD also retains the ability to use Victoria Dockside as security to obtain other additional financing. The debts maturing over the coming 2 years dropped HKD44.8bn to HKD29bn. We take additional comfort that its gross interest expenses in FY25 reduced HKD1.3bn with average funding cost lowered to 4.8% in FY25 from 5.0% in FY24.

Last Friday evening, NWD indicated that it has not received any notice of shareholder capital injection, and has no plan for a rights issue or CB issuance, NWD has emphasized cash preservation, suspending dividends as well as USD perps coupon payments to prioritize debt reduction. We believe NWDEVLs have already priced in LMEs at current levels. In our opinions, LMEs, if any, will have to be consensual and the format could be a combination of partial redemptions (above market prices but below par) to reduce debts, and maturity extension to restore the sequence of repayments, such that majority of the bonds will be repaid after the new loan maturities starting from Jun'28. Under this backdrop, we prefer the NWDEVL 8 5/8 02/08/28 for dated maturities as this bond offering the highest cash yield. Cash yield comparisons are less relevant for perps. That said, we see NWDEVL 5 1/4 Perp offers better risk-return profile. Among perps, if there are any partial redemptions, we believe that NWD will prioritize the redemptions of NWDEVL 5 1/4 Perp given its largest coupon step-up and issue size.

Table 1: NWDEVL's bonds

Security name	ISIN	Maturity/Next call date	Amt Out (USD mn)	Ask Price	Ask YTM/ YTNC (%)	Coupon	Cash yield	Cash yield after step-up
NWDEVL 6 1/4 PERP	XS1960476387	First Call on 7 Mar'24	1,300.0	35.4	421.5%	6.25%	17.7%	NA
NWDEVL 4.8 PERP	XS2268392599	First Call on 9 Sep'23	700.0	33.8	2521.4%	4.8%	14.2%	NA
NWDEVL 10.131 PERP	XS2435611327	First Call on 16 Mar'25	345.3	51.0	1237.7%	10.13%	19.9%	19.3%
NWDEVL 5 1/4 PERP	XS2132986741	3/22/2026	999.0	43.9	282.2%	5.25%	12.0%	26.5%
NWDEVL 4 3/4 01/23/27	XS1549621586	1/23/2027	458.4	85.8	17.2%	4.75%	5.5%	NA
NWDEVL 5 7/8 06/16/27	XS2488074662	6/16/2027	172.0	84.8	16.4%	5.875%	6.9%	NA
NWDEVL 8 5/8 02/08/28	XS2873948702	2/8/2028	400.0	84.5	16.9%	8.625%	10.2%	NA
NWDEVL 4 1/8 PERP	XS2348062899	3/10/2028	1,144.4	36.8	52.5%	4.125%	11.2%	26.1%
NWDEVL 4 1/8 07/18/29	XS2028401086	7/18/2029	717.8	68.1	15.5%	4.125%	6.1%	NA
NWDEVL 4 1/2 05/19/30	XS2175969125	5/19/2030	442.6	66.3	14.8%	4.5%	6.8%	NA
NWDEVL 3 3/4 01/14/31	XS2282055081	1/14/2031	76.1	62.9	13.9%	3.75%	6.0%	NA

Source: Bloomberg.

Table 2: NWD's financial highlights

HKDmn	FY24	FY25	Change
Contract sales in Hong Kong	1,509	11,000	629%
Contract sales in Mainland China (RMBmn)	12,484	14,034	12%
Revenue	35,782	27,681	-23%
-Property development	*16,125*	*15,040*	*-7%*
-Property investment	*5,197*	*5,055*	*-3%*
-Construction	*9,389*	*3,507*	*-63%*
-Hotel operations	*1,381*	*1,499*	*9%*
-Others	*3,690*	*2,580*	*-30%*
Gross profit	12,849	11,626	-10%
Gross margin	35.9%	42.0%	609bps
Core operating profit	6,898	6,017	-13%
Finance costs	5,508	5,421	-2%
Loss before tax from continuing operations	4,748	13,835	191%
Loss from discontinued operations	7,315	-	NA
Net profit/(loss) for the period	(17,126)	(16,357)	-4%
Attributable profit/(loss) to the shareholders of the company	(11,807)	(16,302)	38%
Operating cash flow	338	11,916	3431%
Capex	14,800	12,600	-15%
	Jun'24	**Jun'25**	**Change**
Cash and bank balances	27,400	25,456	-7%

ST debts	42,813	7,650	-82%
LT debts	118,139	147,357	25%
Total debts	160,952	155,007	-4%
Perpetual capital securities	36,281	35,178	-3%
Total debts (incl. perps)	197,233	190,185	-4%
Net debts	133,553	129,551	-3%
Net debts (incl. perps)	169,833	164,729	-3%
Net gearing	59.4%	62.7%	328bps
Net gearing (incl. perps)	90.0%	96.0%	597bps
Cash/ ST debts	0.6x	3.3x	NA
Undrawn facilities from banks	18,280	19,158	5%

Note: Net debts is calculated by total debts minus unrestricted cash and bank balances.
Source: Company fillings, CMBI FICC Research.

- **Offshore Asia New Issues (Priced)**

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
No Offshore Asia New Issues Priced Today					

- **Offshore Asia New Issues (Pipeline)**

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Mirae Asset Securities	USD	-	3yr	T+115	Baa2/-/BBB

- **News and market color**

- Regarding onshore primary issuances, there were 119 credit bonds issued last Friday with an amount of RMB85bn. As for month-to-date, 2,208 credit bonds were issued with a total amount of RMB1,970bn raised, representing a 32.3% yoy increase

- China is introducing tougher rules for exporting electric vehicles, with automakers requiring to obtain licenses from next year

- Macau government expects to receive 1.2mn visitors during the eight-day Chinese-mainland holiday encompassing China's National Day on 1 Oct'25 and the lunar calendar-based Mid-Autumn Festival on 6 Oct'25

- **[LASUDE]** Lai Sun Development close to signing HKD3.5bn secured five-year loan refinancing facility due Oct'25

- **[PKX]** POSCO is teaming up with China's Tsingshan Holding Group to build a stainless steel plant in the fast-growing Indonesian market

- **[ROADKG]** Moody's withHPdrew Road King's Ca rating for business reasons, outlook was negative prior to withdrawal

- **[SOFTBK]** SoftBank received a total of USD8.8bn in dividends from four units, paid on 25 Sep'25

- **[TOPTB]** Thai Oil accepted USD86.412mn TOPTB 4 ⅞ 01/23/43 (TO), USD73.591mn TOPTB 4 ⅞ 01/23/43 (TC), USD89.997mn TOPTB 5 ⅜ 11/20/48, and USD50mn TOPTB 3 ¾ 06/18/50 in the tender offers

- **[VEDLN]** Lenders to insolvent Jaiprakash Associates asked Vedanta Limited, Adani Group, and other suitors to submit revised bids along with acquisition-financing plans

- **[VNKRLE]** Media reported Vanke's creditor banks have agreed to reduce the onshore loan interest rates by one percentage point, bringing it in line with those paid by the Shenzhen Metro

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