

2025-26 OIC Capital Markets Whitepaper

[Hong Kong] Group 3: Equity Capital Markets

Hong Kong Capital Markets & New Tea Drink Industry Deep Dive

SECTION 1

Executive Summary

Executive Summary

Macro & Capital Markets Backdrop

1 Global growth resilient but uneven

- 2026 world GDP projected at 2.7–3.2%, supported by AI-driven capex and domestic demand

2 Geopolitical risks elevated

- Middle East tensions and US–China decoupling weighing on supply chains and energy prices
- Fed weighing rate hikes after a series of cuts

3 HK capital market dominated

- Debt dominates capital market
- Hong Kong leading APAC IPO issuance, while Mainland China slows on weaker demand and property stress

4 Regional capital markets evolved

- Anchored by Southeast Asia equity growth and North Asia debt volumes
- PBoC easing driving lower China 10Y yields and softer RMB

Global New-style Tea Market

- Market to more than double from US$54.8B to US$115.2B (2033), led by APAC
- 65% of consumers prioritize "zero sugar" and sugar-free tea growing >70% YoY, expected to exceed 50% of the RTD tea market by 2026
- Top 10 brands now control >60% market share

New-style tea market ECM

- Top 5 tea-chain ECM deals raised over US$2.1B, IPO-led across HK and Nasdaq
- Highly bifurcated post-IPO performance: Mixue (+29.6%) and Guming (+125.2%) outperformed; Nayuki (-96.4%), Chagee (-66.1%), ChaPanda (-69.0%) lagged sharply
- IPO proceeds primarily directed at store expansion, digitalisation, supply chain upgrades, and brand/product innovation
- Investor focus has shifted from "scale at all costs" to unit economics, supply-chain moats, and overseas growth visibility

Key takeaway

- From "racing to 10,000 stores" to value reshaping in 2026 marks the inflection from volume to quality
- Key differentiation drivers are franchise-led efficiency, supply-chain integration, premium/health positioning, and overseas execution

SECTION 2

2025 HK Capital Markets Landscape

Growth Potentials amid Geopolitical Risks

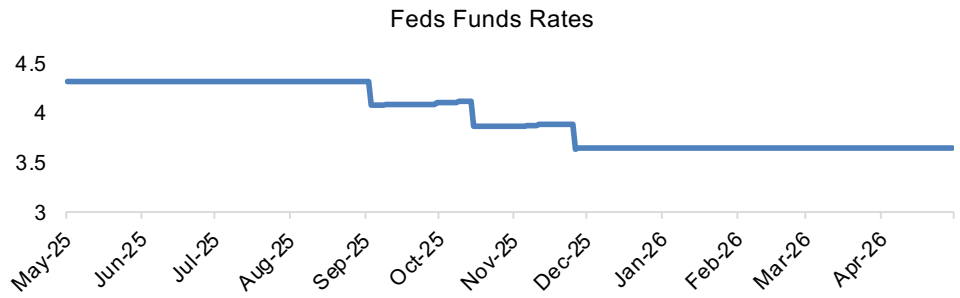
Global Macro Overview

Major Market Indices

	Current	YTD	LTM
Dow Jones	49,526.17	3.04%	16.11%
S&P 500	7,408.50	8.22%	24.34%
Nasdaq	26,225.14	12.84%	36.51%
FTSE 100	10,195.37	2.66%	17.40%
Eurostoxx 50	5,827.76	0.63%	7.37%
Nikkei	61,409.29	21.99%	62.66%
Hang Seng	25,962.73	1.30%	11.21%
VIX	18.43	23.28%	6.90%
UST10Y	4.60%	10.43%	3.56%
China 10Y	1.76%	-4.96%	4.88%
CDX IG	54.3	4.2	-1
CDX HY	107.84	0.2	1.5
CDX EM	97.38	-1.6	0.4
iTraxx Asia	75.19	9.4	-6.1

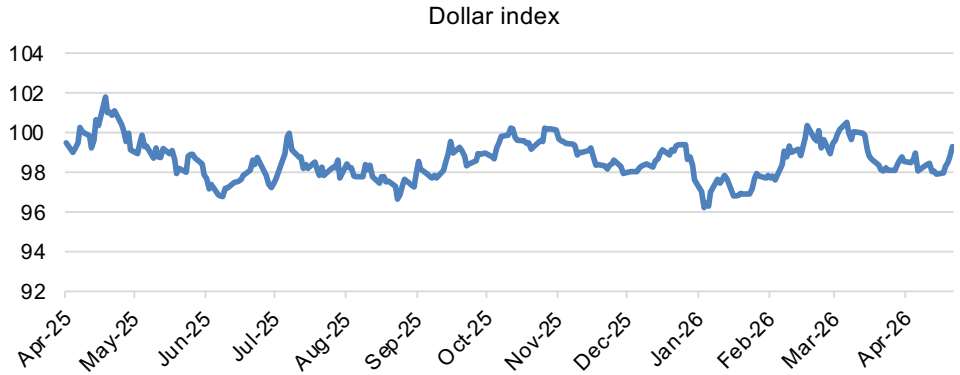
Source: Bloomberg

Possible rate hikes after a series of cut



Source: Bloomberg

USD fluctuations given recent geopolitical changes



Source: Bloomberg

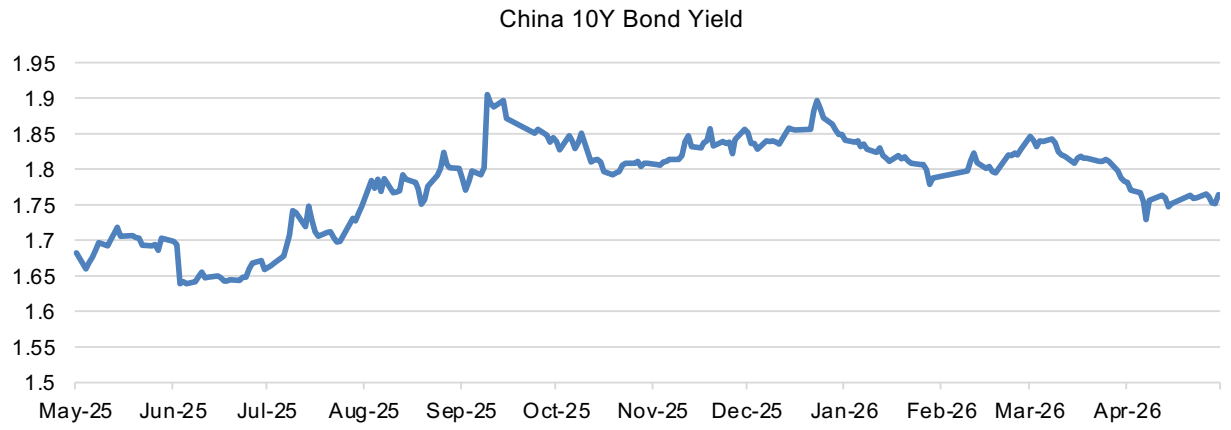
- Geopolitical risk and trade fragmentation are elevated, with ongoing **Middle East tensions and US–China decoupling** pressures weighing on supply chains, energy prices, and cross-border investment. **Inflation due to energy prices disruption** is looming, causing central banks to consider hiking rates.
- Global growth remains moderate but uneven, with 2026 world GDP expected around 2.7–3.2%, supported by AI-driven capex and resilient domestic demand in select regions. Bullish views are still seen in global markets, mostly thanks to **positive earnings reports from AI-related sectors.**

Divergent Policies with Resilient Growth

HK Macro Overview

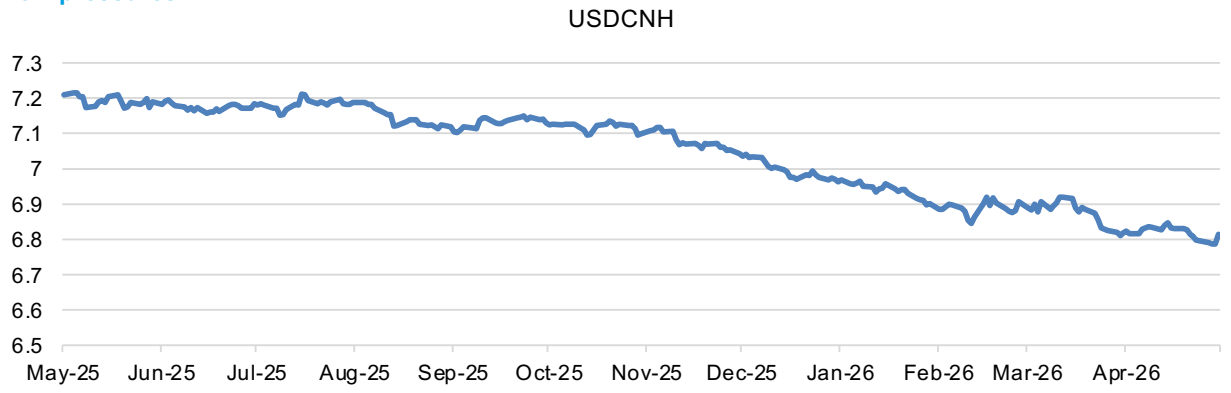
- **Regional** : Asia remains resilient with growth anchored by South and Southeast Asia, but faces headwinds from **higher energy costs and global financial tightening**. Divergence in monetary policy between the US and Asia continues to **pressure local currencies and yields**.
- **APAC**: Developing Asia is projected to grow around 5% in 2026, supported by **semiconductors and private consumption**, though inflation risks are rising due to **energy shocks**.
- **Mainland China**: Policy easing by the PBoC has lowered yields, but **slower growth, property sector stress, and capital outflows** weigh on RMB stability and investor sentiment.
- **Hong Kong**: Growth remains supported by **trade and financial services**, with IPO activity strong, but HKD's USD peg ties local conditions closely to US monetary policy.

Lower China 10Y yields driven by monetary easing, weaker growth outlook, and investor risk aversion



Source: Bloomberg

Moderately weaker RMB due to monetary policy divergence, weaker domestic fundamentals, and capital flow pressures

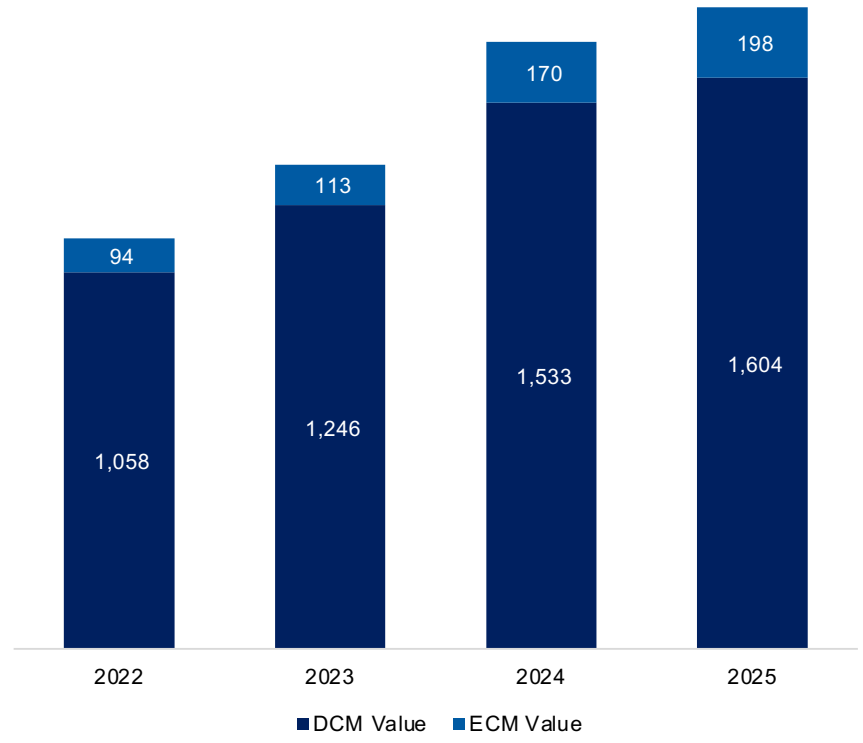


Source: Bloomberg

Debt Dominance and Uneven Equity Activities

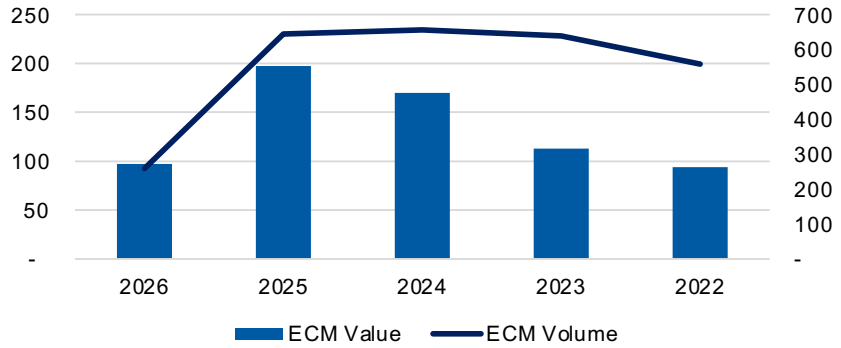
HK Capital Markets Landscape

5 Year ECM vs. DCM Value (USD'b)



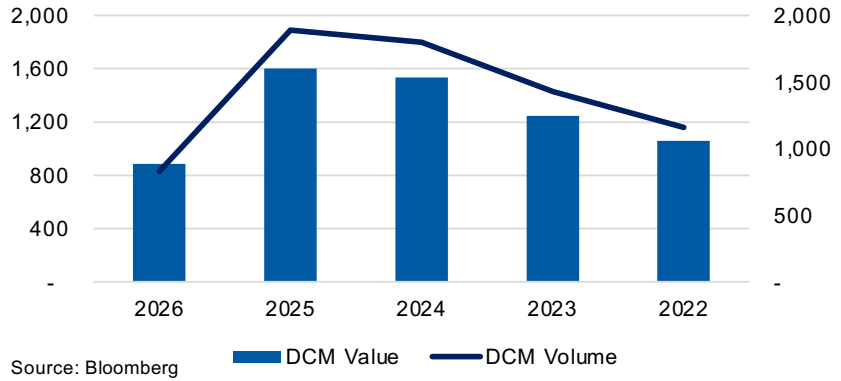
Source: Bloomberg

ECM – 5 Year Volume & Value (USD'b)



Source: Bloomberg

DCM – 5 Year Volume & Value (USD'b)



Source: Bloomberg

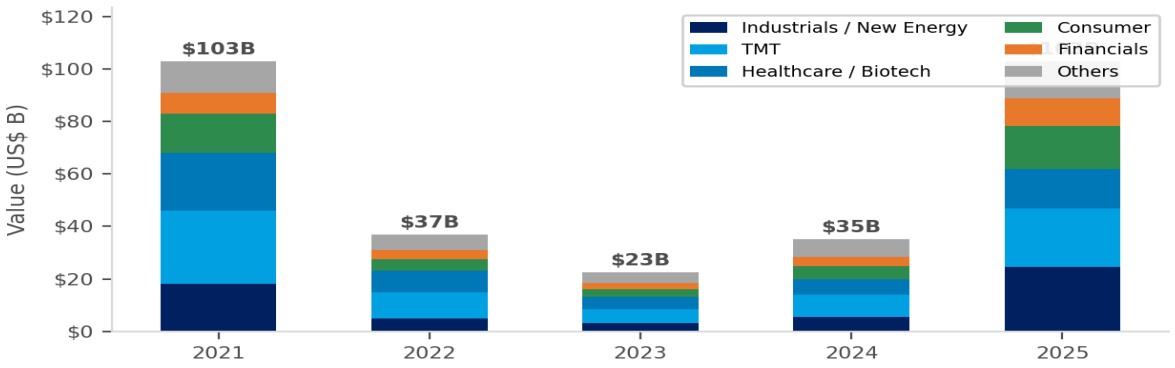
- **Issuance Balance:** Debt financing continues to outweigh equity, as corporates favor **lower-cost funding in a high-rate global environment**.
- **Equity Momentum**: IPO activity remains uneven, with **Hong Kong leading issuance** while Mainland China slows under weaker demand and property stress.
- **Regional Outlook**: APAC markets stay resilient, anchored by **Southeast Asia's equity growth and North Asia's debt volumes**, though monetary divergence and inflation risks persist.

Diversified Deal Flow and Broadening Sector Mix

Hong Kong ECM Deep Dive

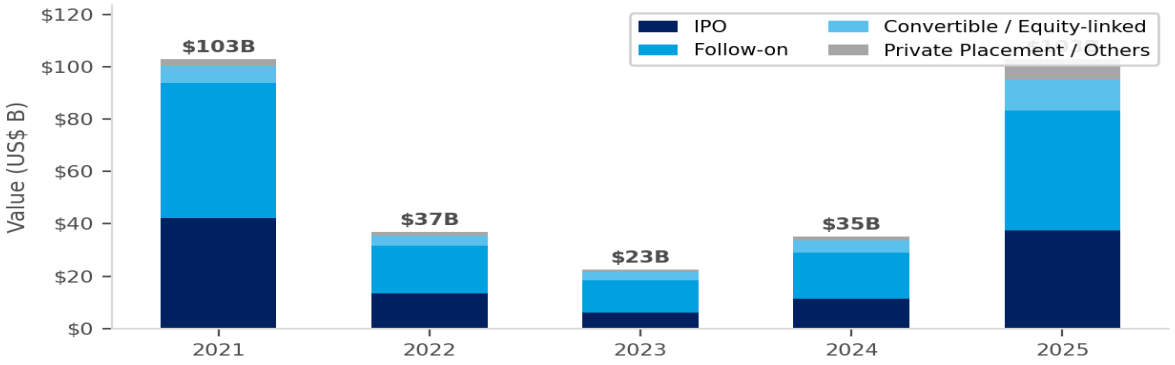
- **Breadth**: The sector mix has become more diversified, with meaningful activity across **industrials / new energy, TMT, healthcare / biotech, consumer, and financials**.
- **Rebound:** Hong Kong ECM activity has recovered sharply in 2025, reclaiming the #1 global IPO venue. This is supported by both **renewed A+H listings momentum and a significant increase in follow-on activity (US66B, highest since 2021)**, suggesting that the market is reopening across **multiple financing channels** rather than relying on one deal type alone.
- **Takeway**: Hong Kong's 2025 recovery appears structurally healthy, driven by record A+H listings. While **IPOs remain central to the market**, the rise in follow-on and equity-linked issuance points to deeper secondary-market liquidity and stronger issuer confidence. The next test is whether this breadth can be sustained beyond a **few large transactions** and across multiple market cycles.

5 Year Sector Dynamics



Source: HKEX, Dealogic, Bloomberg

5 Year Deal Type Dynamics



Source: HKEX, Dealogic, Bloomberg

Note: (1) ECM includes IPOs, follow-on offerings, convertible bonds, and private placements; (2) HKEX, Dealogic, Bloomberg

Mega-Deal Driven Recovery Led by A+H Dual Listings

Hong Kong ECM Deep Dive – Cont'd

Top 10 ECM Transactions by Value

Issuer	Ticker	Sector	Deal Type	Value (US$M)	Date	Iss. Price	% Chg	Key Investors
CATL	3750.HK	New Energy	H-share IPO	5,200	May-25	HK$263	+16.4%	GIC, Hillhouse, Temasek
Hengrui Pharma	1276.HK	Healthcare	H-share IPO	1,300	Jun-25	HK$44.1	+25.0%	GIC, Fidelity, Wellington
Haitian F&F	6969.HK	Consumer	H-share IPO	1,500	Jul-25	HK$30.5	+8.2%	Capital Group, Norges Bank
Sanhua Intel.	2485.HK	Industrials	H-share IPO	1,100	Aug-25	HK$21.8	+12.5%	BlackRock, GIC
CATL (Plcmt)	3750.HK	New Energy	Placement	5,000	Apr-26	HK$628.2	n/a	SWFs, Hedge Funds
Mixue Group	2097.HK	Consumer	IPO	444	Mar-25	HK$202.5	+29.6%	Boyu, Tencent
Midea Group	0300.HK	Industrials	H-share IPO	4,600	Sep-24	HK$54.8	+18.3%	GIC, Capital Group
SF Holding	6936.HK	Logistics	H-share IPO	2,600	Nov-24	HK$34.3	+5.7%	Abu Dhabi IA, Norges
Guming Holdings	1364.HK	Consumer	IPO	325	Feb-25	HK$14.4	+125.2%	Meituan, China AMC
ChaPanda	2555.HK	Consumer	IPO	310	Apr-24	HK$17.5	-69.0%	Haitong, Zhongjin

Source: HKEX, Dealogic, Bloomberg, Reuters

Mega-deals are reopening the market

The largest 2025 transactions show that Hong Kong can still execute sizeable, globally relevant ECM deals. A+H dual listings and H-share IPOs are attracting sovereign wealth funds, global long-only investors, and strategic institutions, suggesting that international capital remains available for **high-quality Chinese issuers**.

Sector mix is improving, but issuer mix remains concentrated

- The top transactions span new energy, healthcare, industrials, consumer, logistics, and TMT, pointing to broader sector participation than in prior cycles. However, the issuer base remains largely **China-linked**, meaning the market's recovery is still closely tied to Mainland corporate activity and policy sentiment.

From flagship recovery to sustainable cycle

Hong Kong's near-term challenge is to translate mega-deal success into a healthier long-tail market. A durable recovery would require more **consistent mid-sized IPOs**, follow-on activity, and stronger post-listing performance, rather than relying primarily on a small number of large anchor transactions.

Note: (1) Value includes greenshoe where exercised; CATL Apr-26 placement included for completeness; (2) % Chg measured from issuance price to latest close as of Dec 2025

Structural Tailwinds Meet Geopolitical Headwinds

Hong Kong Capital Markets Key Drivers / Draggers

General

Key Drivers

- **A+H dual listing structural tailwind:** 300+ active IPO applications incl. 92 A+H candidates as of Dec 2025
- **HKEX regulatory reforms:** Ch 18A (biotech), Ch 18C (specialist tech), TECH channel, and IPO price discovery enhancements
- **Southbound Stock Connect surge:** ADT doubled to HK$121B in 2025, now 23% of total HK cash equity turnover

Key Draggers

- **US-China geopolitical tensions:** Decoupling pressures, tariff risks, and cross-border investment headwinds
- **HKD-USD peg constraints:** Tight coupling to Fed rate policy; possible hikes compressing local liquidity
- **China property overhang:** Ongoing stress in Mainland real estate weighing on investor sentiment and capital flows

ECM

Key Drivers

- **Strong IPO pipeline:** 300+ active applications; TMT (39%), healthcare (21%) lead by sector
- **Record follow-on fundraising:** US$66B in 2025 driven by A+H liquidity events; 20 transactions above US$1B

Key Draggers

- **Concentration risk:** A+H listings comprised 72% of H1 2025 IPO proceeds; limited non-China issuer participation (<10%)
- **Valuation discount vs. US peers:** HSI trades at ~10x fwd P/E vs. S&P 500 at ~22x, limiting international issuer appeal

Takeaway

- HK's position as Asia's premier listing hub is reinforced by regulatory reforms and deepening cross-border connectivity, but remains exposed to US-China tensions and rate policy
- ECM outlook **hinges on sustained A+H pipeline momentum** and broadening **international issuer participation** beyond China-linked names

Note: (1) Data based on HKEX, Dealogic, Bloomberg as of Dec 2025; (2) Forward P/E based on consensus estimates

SECTION 3

New Tea Drinks Industry Deep Dive

New Tea Drinks Market Overview

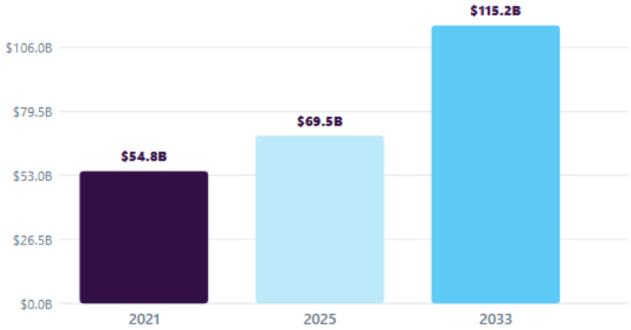
Sector Overview

Industry Stream & Supply Chain



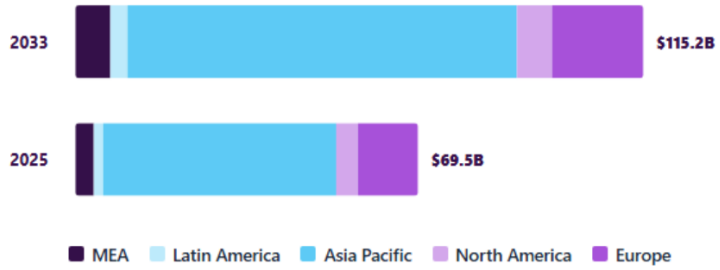
Source: Forbes

Market Size & Growth



Source: Grand View Research

Tea Market Size, by Region



Source: Grand View Research

- **Market Size and Growth:** The global tea market is expected to more than double from US$54.8B in 2021 to US$115.2B by 2033, reflecting strong long-term growth driven by rising health awareness, premiumisation, and demand for convenient tea-based beverages.
- **Market Size by Region:** Asia Pacific remains the dominant tea market due to its deep tea-drinking culture and large consumer base, while Europe and North America continue to support growth as tea becomes increasingly positioned as a premium, functional, and healthier alternative to sugary drinks.

New Tea Drinks Market Overview

Asia ECM Deep Dive

Top 5 ECM Transactions by Value

Issuer name	Ticker	Deal type	Value (USD)	Issuance date	Issuance price	% premium / discount	% change since issue	Major investors
Nayuki Holdings	2150 HK	HK IPO / red-chip style listing	**US$656m**	Jun 2021	HK$19.80	N/A — IPO	**-96.4%**	5 cornerstone investors incl. UBS Asset Mgmt, GF Fund, China Southern AM
MIXUE Group	2097 HK	H-share IPO	**US$444m**	Mar 2025	HK$202.50	N/A — IPO	**+29.6%**	Cornerstone investors incl. M&G, HongShan, Boyu, Hillhouse, Long-Z / Meituan
Chagee Holdings	CHA US	Nasdaq ADS IPO	**US$411m**	Apr 2025	US$28.00	N/A — IPO	**-66.1%**	Cornerstone investors subscribed c.US$205m; incl. CDH Investment Mgmt, Redwheel
Sichuan Baicha Baidao / ChaPanda	2555 HK	H-share IPO	**US$330m**	Apr 2024	HK$17.50	N/A — IPO	**-69.0%**	Institutional tranche 1.1x covered; public offer 0.5x covered
Guming Holdings	1364 HK	H-share IPO	**US$232m**	Feb 2025	HK$9.94	N/A — IPO	**+125.2%**	5 cornerstone investors led by Tencent subsidiary Huang River; c.US$71m subscribed

Source: Reuters, Yahoo Finance, HKEX

- **Transaction Records:** Tea-chain ECM activity has been IPO-led, with the top five transactions raising c.US$2.1B in total, led by Nayuki's US$656m Hong Kong IPO and followed by Mixue, Chagee, ChaPanda and Guming.
- **Performace Review:** After listing, share-price performance has been highly mixed: Mixue and Guming traded strongly above issue price, while Nayuki, Chagee and ChaPanda declined sharply, suggesting investors are selective despite strong demand for new-tea brands.

New Tea Drinks Market Overview

Key Drivers / Draggers

Industry Trends & Major Use of Funds

01

Store Expansion

IPO proceeds used to expand store networks in China and overseas, especially through franchise-led models.

02

Digitalisation

Investment in IT systems, store management tools, membership platforms and digital operations.

03

Supply Chain Upgrade

Capital allocated to ingredient sourcing, production, warehousing and logistics to support scale.

04

Brand & Product Innovation

Launch of premium, low-sugar, fruit tea, milk tea and functional tea products for younger consumers.

Key Drivers / Draggers

Key Drivers

- **Health & wellness demand**
  Consumers shifting from sugary drinks to tea-based beverages.
- **Franchise-led expansion**
  Fast store rollout with lower capital intensity.
- **Young consumer demand**
  Gen Z and millennials prefer branded, affordable tea drinks.
- **Overseas growth**
  Opportunity across Southeast Asia and Western markets.

Key Draggers

- **Price wars**
  Intense competition among Chinese tea chains pressures margins.
- **Store saturation**
  Rapid expansion can weaken same-store sales.
- **Investor selectivity**
  Mixed post-IPO performance creates valuation pressure.
- **Execution risks**
  Food safety, regulation and supply-chain risks rise with scale.

SECTION 4

Key Observations & 2026 Capital Markets Outlook

Regional Outlook



- 2026 GDP: 2.7–3.2%
- AI capex and resilient consumption supportive
- Inflation risk re-emerging on energy disruption
- Equity markets bullish on AI earnings, but valuation concentration is a risk



- Developing Asia projected to grow ~5% in 2026
- Semiconductors and private consumption are the twin engines
- Energy shocks and global financial tightening as key headwinds



- Growth supported by trade, financial services, and strong IPO activity
- Positioned as the primary listing venue for Chinese consumer and new-economy issuers, including new-style tea brands

Capital Market Outlook



- Hong Kong reclaims #1 IPO venue globally in 2025
- A-to-H secondary listings a structural driver
- Southeast Asia: Indonesia, Malaysia IPO activity recovering on consumer & tech listings



- China onshore bond market remains the world's 2nd largest
- Dim sum bond market to exceed RMB 1.2T in 2026, growing offshore RMB demand
- Panda bond issuance set for record year on PBoC easing

Industry Trends

1 Health & Sugar-Free Reshape Product Mix

- 65% of consumers prioritize zero sugar
- Sugar-free pure tea growing >70% YoY, expected to exceed 50% of RTD tea market in 2026
- Both RTD and freshly-made categories upgrading toward functional, low-sugar, premium SKUs

2 Overseas Expansion from Optional to Essential

- Domestic competition white-hot and overseas becomes the strategic growth frontier
- Competition shifts from product export to supply-chain and localization capability

3 Domestic "Anti-Involution" with Value & Efficiency

- Leaders moving away from low-price war via product innovation, themed or DP stores, and membership economics
- Self-built cold chain, smart warehousing, and supply-chain integration

Industry Draggers

1 Price-War Recurrence & Margin Compression

- Persistent low-price competition among mass-market players continues to erode same-store sales and franchisee profitability
- Risk of renewed discounting cycles if domestic consumption weakens further in 2026.

2 Store Saturation & Slowing Network Expansion

- Tier 1–3 cities approaching saturation with TOP 10 brands holding >60% share, while lower-tier penetration faces site-selection bottlenecks and weakening franchisee confidence
- SSSG headwinds likely to persist through 2026.

3 Overseas Execution & Geopolitical Risk

- Localization of supply chain, regulatory hurdles, and cultural adaptation remain key barriers in SEA, US, and EU markets
- Geopolitical tensions and FX volatility could disrupt expansion roadmaps for Chagee, Mixue, and Guming.

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