



2025-26 OIC Capital Markets Whitepaper

[Hong Kong] Group 5: Debt Capital Markets

APAC Capital Markets & Digital Infrastructure Industry Deep Dive





SECTION 1

Executive Summary



Executive Summary

Opportunities Abound, Albeit with Rigorous Due Diligence

Macro & DCM Environment

- Global debt markets are entering a structural refinancing cycle supported by a global corporate maturity wall exceeding **US\$12.35tn**
- Maturity is expected to be **US\$2.624tn** in 2026 while **US\$2.509tn** in 2027
- APAC DCM issuance rebounded to a record **US\$2.5tn** in 2025 amid moderating global interest rates
- Hong Kong DCM issuance surged **58.6% YoY to US\$209bn**, reinforcing its role as Asia's leading cross-border funding hub

Digital Infrastructure & AI Financing

- AI infrastructure and hyperscale expansion are driving unprecedented financing demand across APAC
- APAC is expected to require **24GW** of additional data-center capacity by **2030**
- Financing activity is increasingly shifting toward syndicated loans, project finance, and sustainability-linked private credit structures

Private Credit & Outlook

- Public High Yield issuance remains constrained by legacy China property distress, creating a structural funding gap
- APAC private credit is projected to expand from **US\$65bn** to **US\$92bn** by **2027**
- Hong Kong continues strengthening its role as a regional hub for offshore RMB financing, alternative credit, and cross-border debt structuring
- Private IG deals is also growing in APAC with notable deals such as DayOne Data Centers seeking a **US\$1 billion**
- Private credit facility for regional expansion: KKR's landmark **US\$10.9 billion** acquisition of ST Telemedia Global Data Centres (STT GDC)



SECTION 2

2025 APAC Capital Markets Landscape



Global Rate Cycle Moderating: Fed Holds at 3.25–3.75% as APAC Credit Markets Tighten

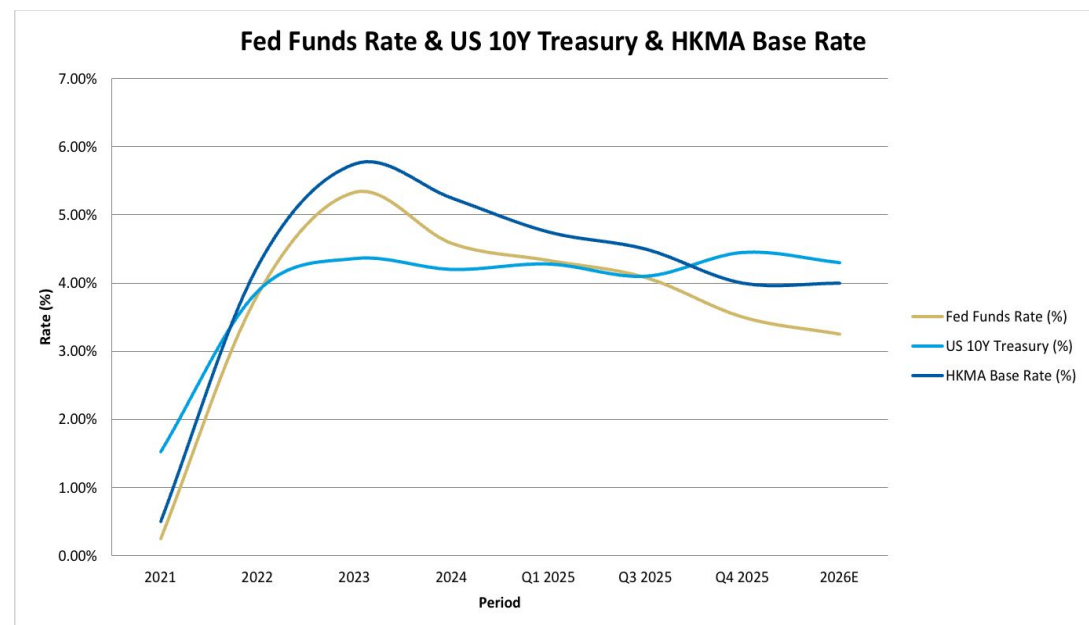
Global Macro Overview

Major Market Indices

Index	Current	YTD Δ%	1Y Ago	LTM Δ%	Asset Class
Dow Jones (DJIA)	50581.07	2.3%	38500	31.4%	Equities
S&P 500	7476.1	4.1%	5100	46.6%	Equities
Nasdaq Composite	26383.24	6.3%	16200	62.9%	Equities
FTSE 100	10466.2	3.0%	7900	32.5%	Equities
Eurostoxx 50	6014	2.7%	4700	28.0%	Equities
Nikkei 225	63339.07	10.8%	40300	57.2%	Equities
Hang Seng Index	25606.03	14.2%	17600	45.5%	Equities
VIX	16.76	-12.0%	21.4	-21.7%	Volatility
US 10Y Treasury	4.54%	0.1%	4.20%	0.34ppt	Rates (%)
HK 10Y (HKMA)	3.10%	0.1%	3.95%	-0.85ppt	Rates (%)
CDX IG (bps)	~55bps	-8.0%	70	-15bps	Credit Spreads

Source: Bloomberg, Yahoo Finance, HKEX

Rates Environment Overview



Source: Federal Reserve, HKMA, Trading Economics

- **Global rate cycle moderating:** Fed held at 3.25–3.75% with markets pricing 1–2 cuts in H2 2026; HKMA base rate locked at 4.00% under the Linked Exchange Rate System
- **Credit spreads tightening YTD:** CDX IG at ~55bps, iTraxx Asia at ~95bps signalling constructive conditions for IG bond issuance in APAC DCM
- **CDS spreads tightening:** CDX NA IG at ~55bps; iTraxx Asia ex-Japan 5Y at ~72bps shows improved risk sentiment across derivatives markets YTD
- **Cash bond spreads (OAS):** ICE BofA Asia EM Corporate Plus OAS at ~77bps over Treasuries direct measure of yield premium on USD-denominated Asian corporate bonds, shows constructive conditions for IG issuance in APAC DCM.

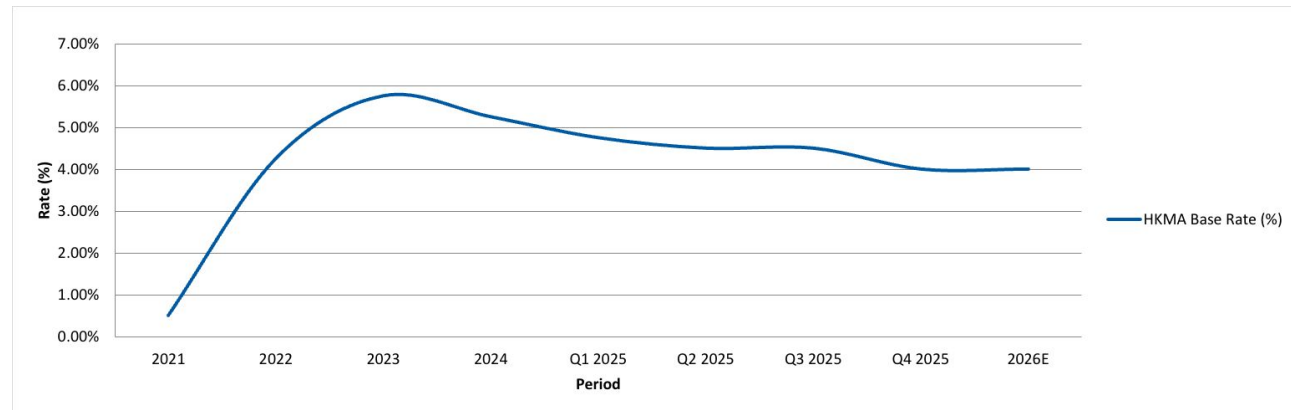
Note: (1) Fed Funds target range held at 3.25–3.75% as of May 2026; HKMA base rate maintained at 4.00% under the Linked Exchange Rate System, moving mechanically with the lower bound of the Fed target range. Markets pricing 1–2 cuts in H2 2026; (2) CDX.NA.IG Series 46 (20-Mar-26) and iTraxx Asia ex-Japan (17-Mar-26) represent the annual CDS protection premium paid by the buyer and are not equivalent to cash bond credit spreads (G-spread or OAS). ICE BofA Asia EM Corporate Plus Index OAS represents option-adjusted spread over a spot Treasury curve, weighted by market capitalisation.

HK GDP Rebounds to 3.8% in Q4 2025; HKMA Rate Locked at 4.00% Under Currency Peg

APAC Macro Overview

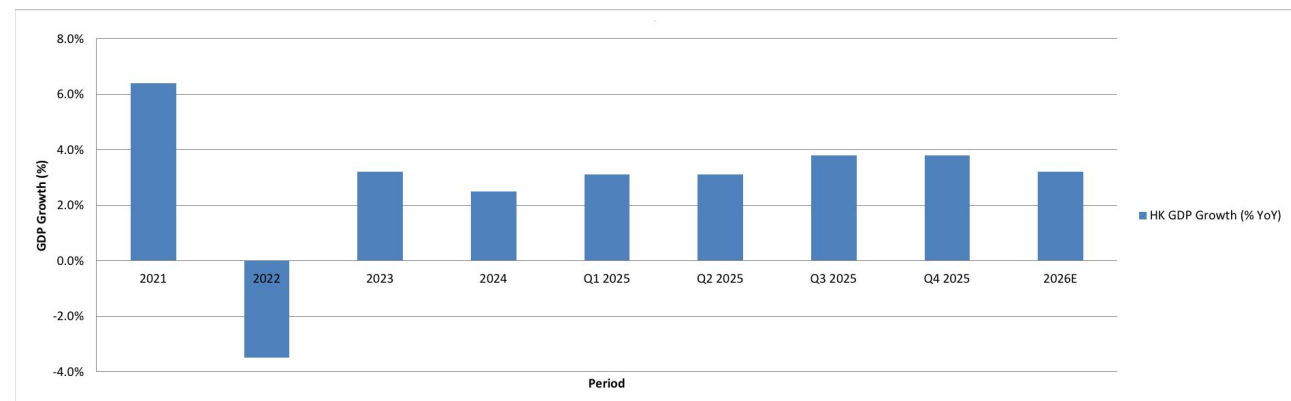
- HKMA base rate held at 4.00%, strictly tracking the Fed under the peg, HKD/USD stable at 7.75–7.85, providing exchange rate certainty for USD-denominated issuers
- HK GDP growth rebounded to 3.8% YoY in Q4 2025, the strongest quarterly print in two years driven by consumption recovery, strong inbound tourism, and trade resilience

HK GDP Growth (% YoY)



Source: HKMA, Federal Reserve

HKMA Base Rate (%)



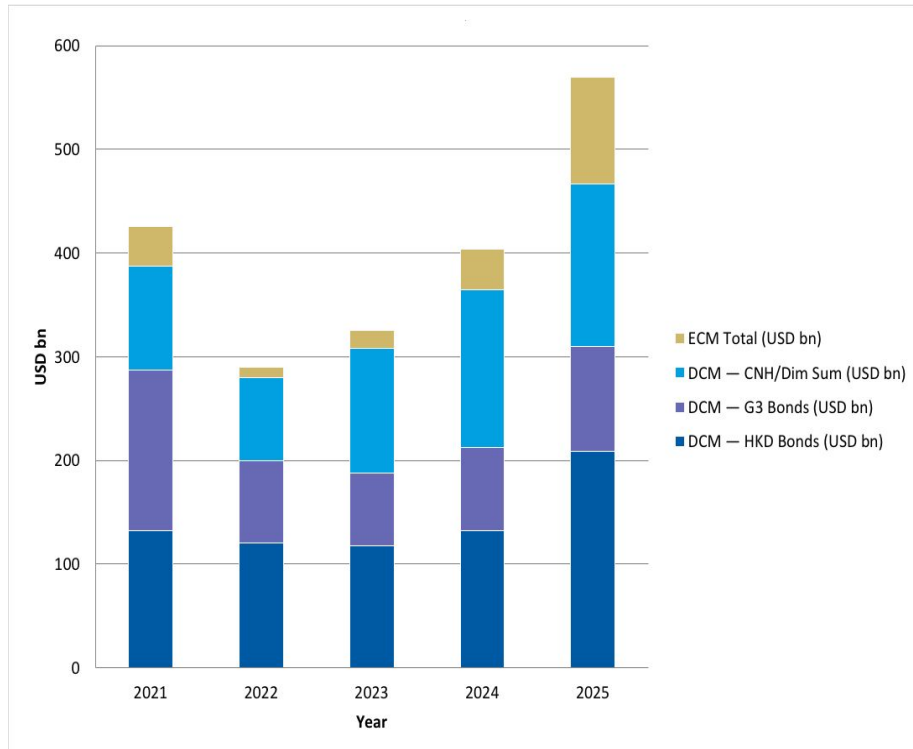
Source: HKSAR Census & Statistic Department

Note: (1) HKMA Base Rate maintained at 4.00%, HKD/USD spot rate stable within the 7.75–7.85 convertibility band.; (2) HK GDP growth rates shown on a year-on-year basis; Q4 2025 reflects the strongest quarterly print in two years, driven by consumption recovery, inbound tourism, and trade resilience;

HK DCM Issuance Surges 58.6% YoY to US\$209bn in 2025, Led by HKD Bonds & Dim Sum

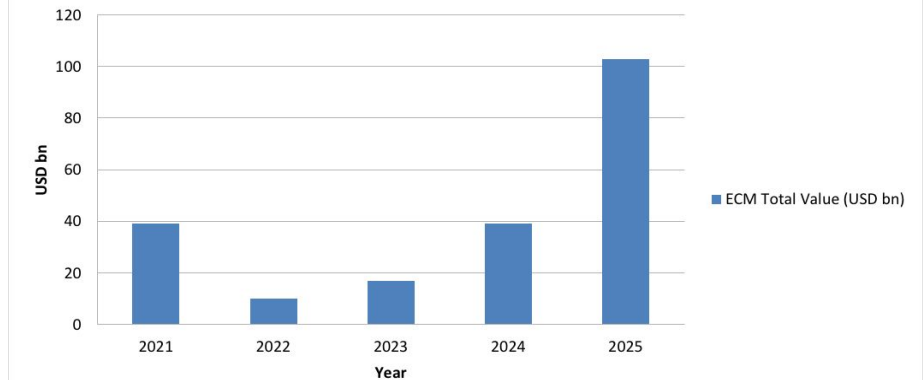
APAC Capital Markets Landscape

5 Year ECM vs. DCM Issuance

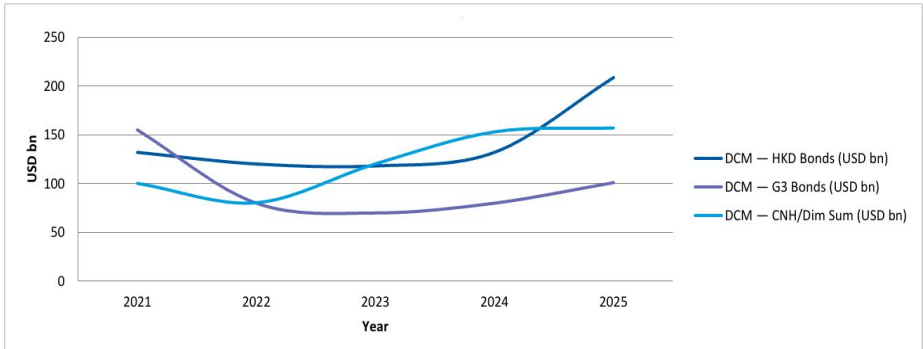


Source: HKMA Bulletin, HKEX, Dealogic

ECM – 5 Year Volume & Value



DCM – 5 Year Volume & Value



Source: HKMA Bulletin

- HK DCM new issuance surged 58.6% YoY to US\$209bn in 2025 driven by HKD bonds; HK retained Asia's #1 international bond arrangement hub with >US\$130bn arranged (~30% regional share)
- Dim Sum (CNH) bond outstanding exceeded RMB 1.6tn at end-2025 (+27.6% YoY); G3 issuance rose 26% to US\$101.5bn — currency diversification is the defining structural theme entering H2 2026

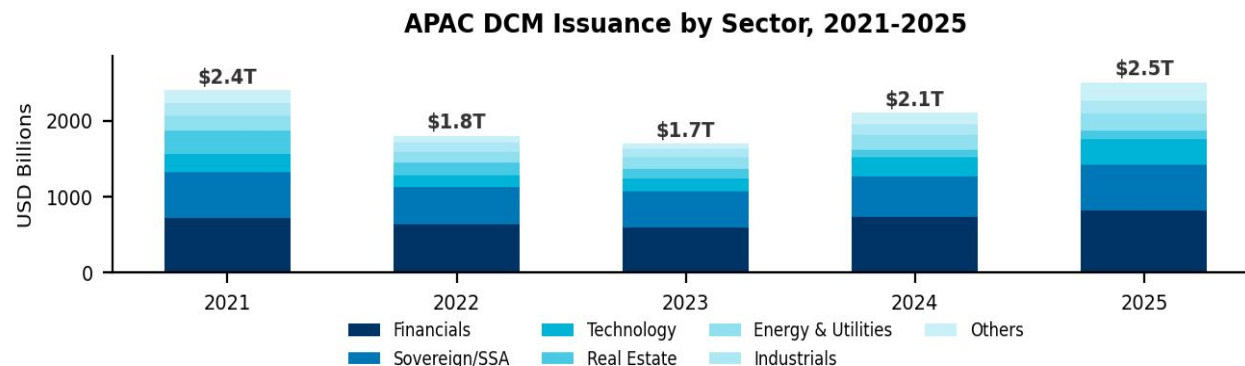
Note: (1) DCM issuance figures include HKD bonds, G3 bonds, and CNH/Dim Sum bonds arranged out of Hong Kong; figures sourced from HKMA Bulletin and Dealogic and may differ from other market tabulations due to differences in deal inclusion criteria.; (2) ECM total value reflects equity and equity-linked issuance; year-on-year comparisons based on full calendar years 2021–2025.

APAC DCM Issuance Rebounds to Record \$2.5T in 2025

APAC DCM Deep Dive

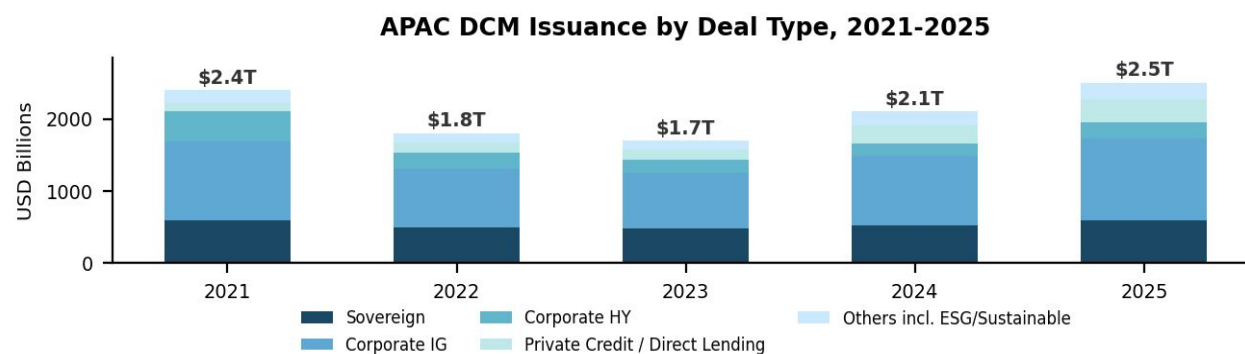
- APAC DCM issuance rebounded to ~\$2.5T in 2025, surpassing the 2021 record, driven by IG corporate refinancing and AI infrastructure capex
- HY issuance hit a decade-low in 2024 amid China property distress, while private credit and ESG bonds gained significant market share

5 Year Sector Dynamics



Source: Dealogic, ICMA, S&P Global

5 Year Deal Type Dynamics



Source: Dealogic, ICMA, JP Morgan

Sovereigns Lead APAC's Largest Deals

APAC DCM Deep Dive – Cont'd

Top 10 DCM Transactions by Value

Issuer	Sector	Product Type	Rating	Seniority	Value	Date	Tenure	YTM/Coupon	Type
Hong Kong Mortgage Corp (HKMC)	Financial/Government-related	Multi-currency Public	Sovereign-equivalent	Senior	HK\$25.3bn (~US\$3.3bn)	Nov-25	2/3/5/30 years	Varies (e.g., 30y social tranche notable)	Social/Sustainable Multi-currency
Airport Authority Hong Kong (AAHK)	Infrastructure/Aviation	Senior Notes (multi-tranche)	AA+ (S&P)	Senior	HK\$19bn (~US\$2.4bn)	Apr-26	3/5/10 years	~2.90% (3y), 2.97% (5y), 3.38% (10y)	Fixed Rate Public HKD
MTR Corporation	Infrastructure/Transportation	Green Senior Notes (multi-Green & Infrastructure Tokenised/Digital Green Bonds)	AA+/Aa3	Senior	HK\$18.8bn (~US\$2.4bn) ~HK\$27bn equiv.	Apr-26	5/10/30 years Various (incl. 30y Short-medium)	2.88% (5y), 3.30% (10y), 4.00% (30y)	Green Fixed Rate
HKSAR Government	Sovereign/Government	Infrastructure Tokenised/Digital Green Bonds	AA+/Aa1 equiv.	Senior	~HK\$10bn equiv.	Jun-25	Various (incl. 30y Short-medium)	e.g., 3.85% (HKD 30y)	Sustainable/Green & Infra
HKSAR Government	Sovereign/Government	Infrastructure Tokenised/Digital Green Bonds	AA+/Aa1 equiv.	Senior	~HK\$10bn equiv.	Nov-25	Various (incl. 30y Short-medium)	e.g., 2.5% (HKD 2y)	Tokenised Digital Sustainable
People's Republic of China (MoF)	Sovereign	Sovereign Notes (dual-tranche) Sustainable	Sovereign (A+/A1)	Senior	US\$4bn	Nov-25	3/5 years	Tight to UST (+0-2bps)	USD Sovereign
World Bank (IBRD)	Supranational	Development Subordinated	Aaa/AAA	Senior	HK\$8bn	Apr-26	5 years	2.88%	Sustainable Fixed Rate ("Wonton")
MTR Corporation	Infrastructure	Perpetual Senior	Lower than senior	Subordinated	US\$3bn	Jun-25	Perpetual	Hybrid pricing (higher yield)	Subordinated Perpetual Hybrid
Cathay Pacific (MTN Financing)	Aviation/Transportation	Unsecured Fixed Rate Notes	Corporate level	Senior	HK\$2.08bn	Apr-26	3 years	3.78%	Fixed Rate Public HKD
Greenko (Wind Projects Mauritius)	Renewables/Energy	Senior Green Bonds	Ba2/BB	Senior	US\$1bn	Mar-25	~3.5NC2 (due 2028)	7.25%	High-Yield Green

Source: Dealogic, Bloomberg, Reuters



Growth Tailwinds Offset by Trade and Rate Headwinds

APAC Capital Markets Key Drivers / Draggers

General

- ▲ GDP Growth: APAC projected at 4.4% in 2026, contributing ~60% of global growth
- ▲ Central Bank Easing: PBOC, RBI, BOK rate cuts in 2025 supporting liquidity and reducing borrowing costs
- ▼ US-China Trade Tensions: Tariff uncertainty and de-globalization pressuring export-dependent economies
- ▼ BOJ Rate Hikes: Policy rate at 0.75%, JGB yields at 30-year highs; potential to 1.5% by 2028
- ▼ Geopolitical Risks: Middle East conflict and Taiwan Strait tensions creating market volatility

ECM

- ▲ IPO Surge: APAC IPO proceeds +73% to \$90.4B in 2025
- ▲ India Boom: Record IPO year; 25% of APAC volumes
- ▲ HK/China Rebound: Deal volume tripled YoY
- ▼ PE Exit Challenges: IPO exits only 31% of total exit value in 2024

DCM

- ▲ Refinancing Wall: \$5.3T+ maturing globally, driving issuance
- ▲ Spread Tightening: Asia HY spreads normalizing; default rate falling to 3.0%
- ▲ ESG/Sustainable: ASEAN+3 led global sustainable bond issuance at 29.8% share
- ▼ China Property: Ongoing distress reducing RE bond issuance
- ▼ HY Supply Crunch: Asia HY issuance at 10-year low in 2024

- APAC regions' solid growth offsets headwinds
- Uncertainty in Middle East conflict remains the biggest risk



SECTION 3

Digital Infrastructure Industry Deep Dive

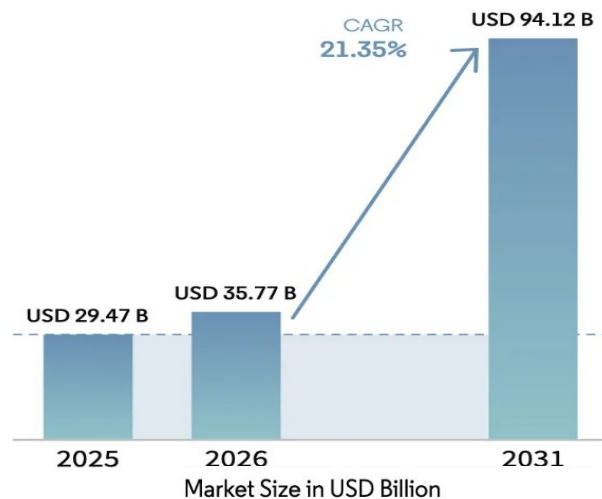
APAC Digital Infrastructure: Growth & Financing Trends

Industry Overview

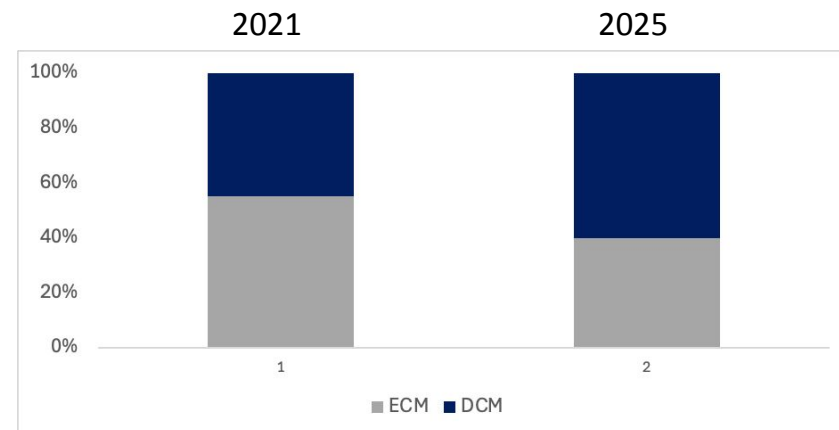
Industry Stream & Supply Chain

- **Upstream – Compute & Equipment Suppliers:** Provides high-performance GPUs, networking equipment, cooling and power management systems essential for AI training and cloud computing workloads.
Key players: NVIDIA/AMD/Vertiv/Schneider Electric
- **Midstream – Digital Infrastructure Operators:** Owns and operates mission-critical digital infrastructure assets including hyperscale data centers, fiber connectivity and cloud infrastructure platforms.
Key players: STACK Infrastructure/Equinix/Digital Realty/AirTrunk
- **Downstream – Hyperscalers & Enterprise Demand:** Accelerating AI adoption, cloud migration and enterprise digitalization continue to drive large-scale infrastructure expansion by hyperscalers.
Key players: AWS/Microsoft Azure/Google Cloud/Oracle

Market Size & Growth



5 Year ECM vs. DCM Value



▲ DCM ▼ ECM

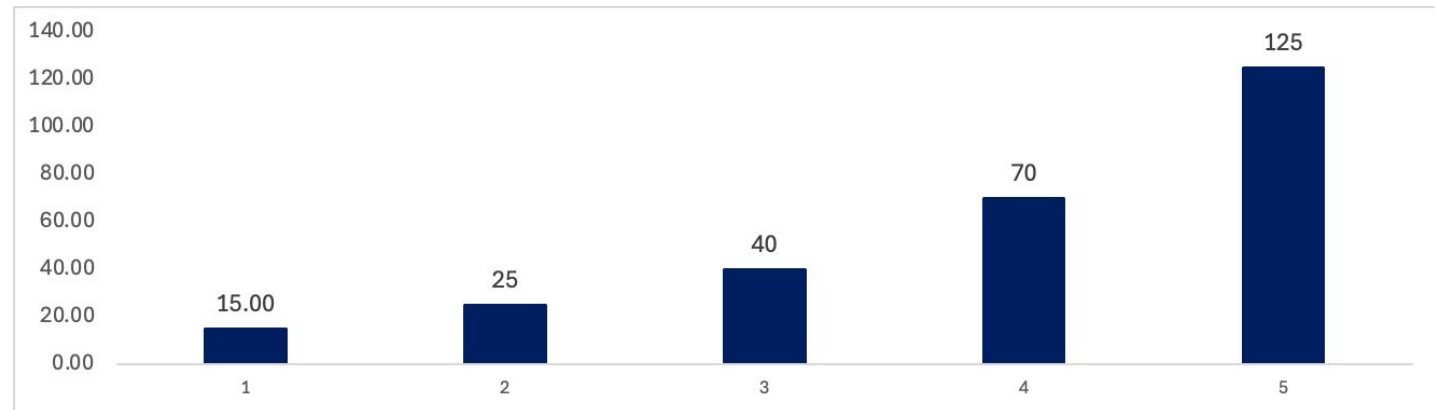
- APAC digital infrastructure demand continues to expand rapidly, supported by accelerating AI adoption, hyperscaler expansion and cloud migration trends.
- Stable cash flows and long-term infrastructure contracts increasingly support debt-heavy financing structures in the sector.

APAC Digital Infrastructure Financing Activity & Structure Evolution

DCM Deep Dive

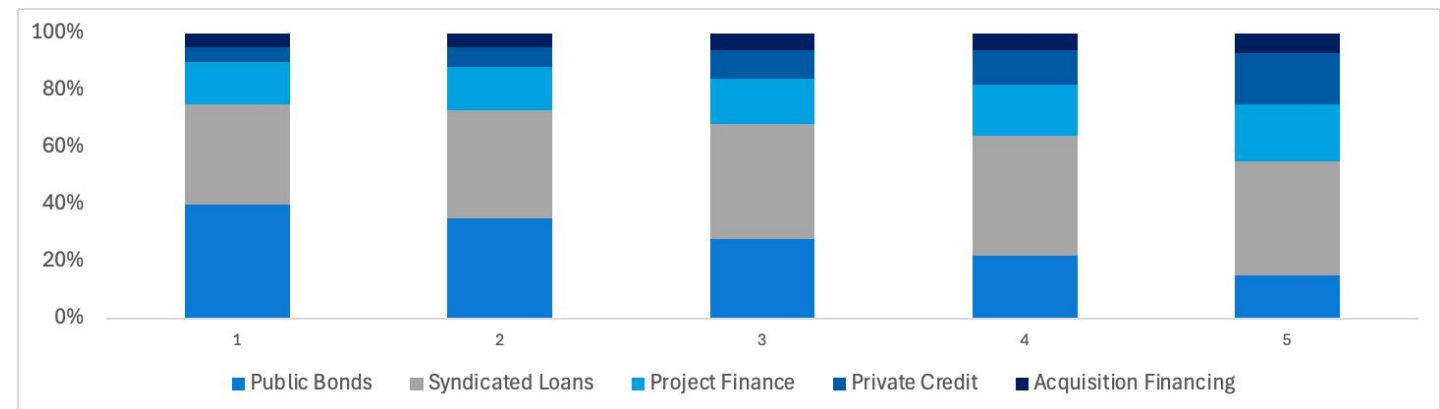
- Digital infrastructure financing activity has accelerated rapidly alongside rising AI-driven hyperscale expansion across APAC.
- Funding structures are increasingly shifting toward infrastructure-style financing, including syndicated loans, project finance and private credit facilities.

5 Year DCM Volume & Value (2021-2025 in USbn)



Source: Reuters, ICapital

5 Year Deal Type Dynamics (2021-2025)



- AI infrastructure financing is evolving away from traditional corporate funding models toward infrastructure-style debt and private capital structures.



Large-Scale Financing Activity Accelerates Across APAC Digital Infrastructure

DCM Deep Dive – Cont'd

Top 5 DCM Transactions by Value

Issuer	ISIN	Product Type	Credit Rating	Seniority	Value (USD)	Issuance Date	Coupon	Issuance Type
Oracle-linked Data Center Project Financing	N/A	Non-callable Project Finance Loan	N/A	Senior Secured	US\$18.0bn	Nov-2025	Undisclosed	Project Finance / Syndicated Loan
Equinix xScale JV	N/A	Non-callable JV Infrastructure Financing Facility	BBB / BBB+	Senior Secured	US\$15.0bn+	Oct-2024	Undisclosed	Private Infrastructure Financing
KKR-led STT GDC Acquisition	N/A	Non-callable Acquisition Financing Loan	N/A	Senior Secured	US\$10.9bn	May-2024	Undisclosed	Syndicated Acquisition Financing
AirTrunk	N/A	Non-callable Sustainability-Linked Syndicated Loan	N/A	Senior Secured	US\$10.4bn	Aug-2025	Undisclosed	Syndicated Loan
Blackstone-led AirTrunk Acquisition Financing	N/A	Non-callable Acquisition Term Loan + Revolving Credit Facility	N/A	Senior Secured	US\$3.7bn	Sep-2024	Undisclosed	Syndicated Loan

- Large-scale digital infrastructure financing is increasingly dominated by syndicated loans, acquisition financing and project finance facilities rather than traditional public bond issuance.
- Accelerating AI-driven data center expansion continues to attract significant institutional and private capital deployment across APAC, supporting the rapid growth of infrastructure-style secured financing structures.



AI-Driven Capital Deployment Continues to Reshape APAC Digital Infrastructure

Trends & Key Drivers / Draggers

Industry Trends & Major Use of Funds

1. AI Compute Expansion

Hyperscalers continue to aggressively increase AI-related capex to support GPU clusters and cloud workloads.

Key Stat: Big Tech AI capex expected to exceed US\$300bn in 2025.

Capital Implication: Drives large-scale investment into hyperscale data center infrastructure.

2. APAC Data Center Expansion

Singapore, Malaysia and Japan continue to emerge as key hyperscale growth hubs in APAC.

Key Stat: APAC expected to add 24GW of data center capacity by 2030.

Capital Implication: Supports continued project financing and infrastructure deployment activity.

3. Sustainable & Green Financing

Developers increasingly adopt sustainability-linked and green financing structures to fund expansion.

Key Stat: AirTrunk secured A\$16bn sustainability-linked financing in 2025.

Capital Implication: Green financing becomes increasingly integrated into digital infrastructure funding structures.

4. Institutional & PC Deployment

Private equity, infrastructure funds and private credit investors continue to expand exposure to AI infrastructure assets.

Key Stat: Blackstone acquired AirTrunk in a US\$16bn landmark transaction.

Capital Implication: Institutional capital continues to reshape digital infrastructure ownership and financing structures.

Key Drivers / Draggers

Structural drivers

AI & Cloud Demand Growth

Continued AI adoption and cloud migration support long-term demand for hyperscale infrastructure assets.

Infrastructure-like Cash Flow Profile

Long-term customer contracts and recurring revenue streams support debt financing and institutional investor participation.

Institutional Capital Inflows

Pension funds, sovereign wealth funds and private credit investors continue increasing allocations to digital infrastructure assets.

Key risks

Liquidity & Refinancing Risks

Illiquid infrastructure assets and rising redemption pressure may increase refinancing and secondary market risks.

Power & Land Constraints

Limited power availability and land supply may constrain future expansion in key APAC markets.

Regulatory & Geopolitical Risks

Data sovereignty rules and geopolitical tensions may impact cross-border investment and infrastructure deployment.



SECTION 4

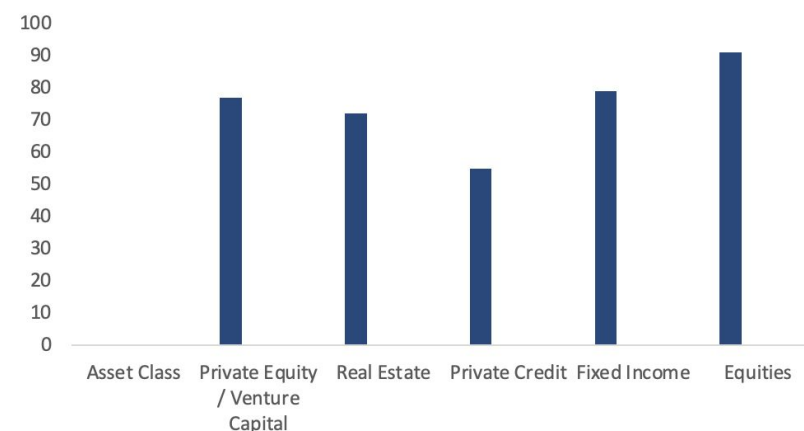
Key Observations & 2026 APAC Capital Markets Outlook

APAC Capital Markets Tailwinds Driving Private Credit Growth

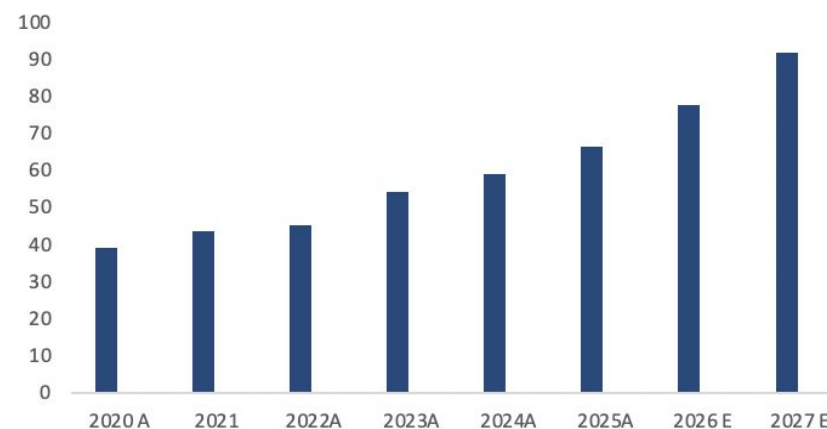
2026 APAC Capital Market Key Observations

- APAC DCM issuance is at a multi-year high. Falling global rates, improving credit conditions, with issuance topping **US\$1.37TN**
- APAC IG credit spreads are trading at **90–110 bps** over US Treasuries
- The surge in A+H listings and cross-border issuance is anchoring Hong Kong as the primary offshore RMB and USD bond market
- APAC private credit is still small but growing fast, projected from **US\$65bn in 2025 to US\$92bn by 2027**.
- Hong Kong remains a capital-raising and structuring hub for China-linked and APAC credit opportunities.

Hong Kong Family Offices Allocation



APAC Private Credit AUM (US\$b)

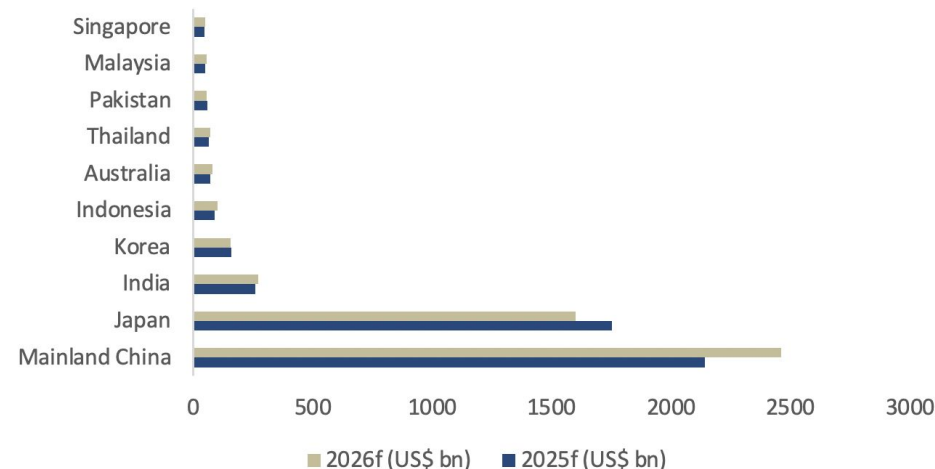


Structural Drivers of APAC Credit Market Growth

2026 APAC Capital Markets Outlook

- Asia-Pacific is expected to deliver some of the fastest private credit growth globally in 2026, benefiting from lower market saturation relative to the US and Europe
- The Industry will be experiencing a “**super cycle**” driven by AI Infrastructure and Energy Transition , growing **16% CAGR** through 2030
- In the remaining months of 2026, will see regional issuers to continue diversifying out of USD denominated issuance and into **HKD, AUD, and SGD** markets
- Investment Grade will continue to be a darling for investors with higher global yields and geopolitical uncertainty
- APAC continues to suffer from a **US\$8.4 billion** shortfall from funding gaps; thus private credit will continue to shine through investors portfolios
- China and Japan will be dominant key players in APAC commercial borrowing

APAC Sovereign Borrowing





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