



# PwC China M&A 2025 Mid-Year Review

August 2025



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# Foreword

## Explanation of data shown in this presentation (1)

- The data presented is based on information compiled by Refinitiv Eikon (formerly named “Thomson Reuters”), CV Source, AVCJ, public news and PwC analysis unless stated otherwise
- Refinitiv Eikon and CV Source record announced deals. Some announced deals will not go on to complete
- The deal volume figures presented in this report refer to the number of deals announced, whether or not a value is disclosed for the deal
- The deal value figures presented in this report refer only to those deals where a value has been disclosed (referred to in this presentation as “disclosed value”)
- “Domestic” means China including Hong Kong, Macau and Taiwan
- “Outbound” relates to Chinese Mainland company acquisitions abroad
- “Inbound” relates to overseas company acquisitions of domestic companies
- “Private Equity deals” or “PE deals” refer to financial buyer deals with deal value over US\$10mn and invested mainly by private equity GPs but also including direct investments by financial institutions and conglomerates which are of the nature of private equity type investment



- “VC deals” refer to financial buyer deals with deal value of less than US\$10mn and/or with undisclosed deal value, but invested by financial buyers
- “Strategic buyer” refers to corporate buyers (as opposed to financial buyers) that acquire companies with the objective of integrating the acquisition into their existing business
- “Financial buyer” refers to investors that acquire companies with the objective of realising a return on their investment by selling the business at a profit at a future date and mainly, but not entirely, comprises PE and VC funds
- In order to exclude foreign exchange impact, deal values from previous years were adjusted based on monthly average Rmb/US\$ exchange rate in the first half of 2025



# China M&A Overview



China M&A jumped by 45% to US\$172bn in the first half of 2025 compared with the same period last year. This was driven by strong growth in domestic strategic M&A, which more than doubled to \$108bn, although PE (\$51bn) and outbound deal activity (\$11bn) remained subdued; the number of Venture Capital deals was also strong

### Total deal volume and value, from 1H22 to 1H25

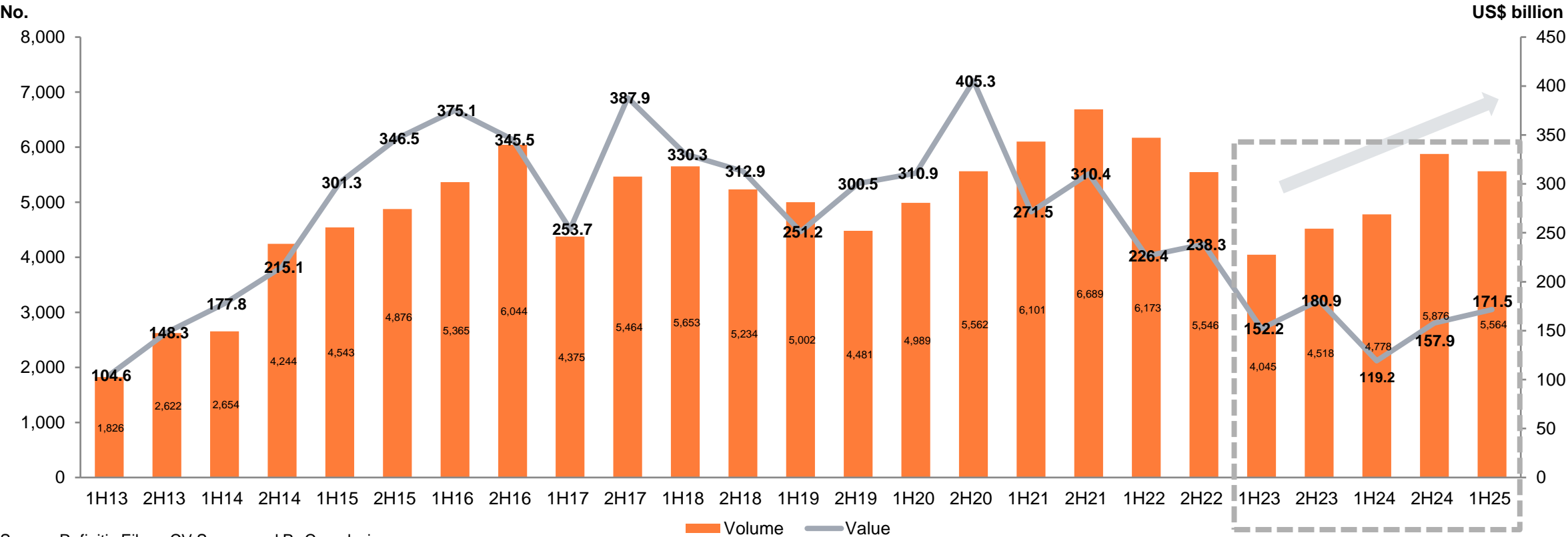
	1H22		2H22		1H23		2H23		1H24		2H24		1H25		% Diff vol. 1H25 vs. 1H24	% Diff val. 1H25 vs. 1H24
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value		
<b>Strategic buyers</b>	(US\$bn)		(US\$bn)		(US\$bn)		(US\$bn)		(US\$bn)		(US\$bn)		(US\$bn)			
Domestic	2,409	93.7	2,069	96.3	1,483	65.2	1,757	79.6	1,414	50.7	1,702	79.1	1,660	107.5	17%	112%
Foreign	55	6.2	69	7.5	42	5.8	38	8.6	47	4.0	35	1.6	28	1.7	-40%	-58%
<b>Total Strategic buyers</b>	<b>2,464</b>	<b>99.9</b>	<b>2,138</b>	<b>103.8</b>	<b>1,525</b>	<b>71.0</b>	<b>1,795</b>	<b>88.2</b>	<b>1,461</b>	<b>54.7</b>	<b>1,737</b>	<b>80.7</b>	<b>1,688</b>	<b>109.2</b>	<b>16%</b>	<b>100%</b>
<b>Financial buyers</b>																
Private Equity	950	111.6	1,070	119.6	569	67.9	599	78.0	461	53.0	580	66.9	448	50.9	-3%	-4%
VC	2,585	1.9	2,181	3.5	1,817	1.5	1,949	1.5	2,718	1.0	3,407	1.2	3,354	1.3	23%	31%
* <b>Total Financial buyers</b>	<b>3,535</b>	<b>113.5</b>	<b>3,251</b>	<b>123.1</b>	<b>2,386</b>	<b>69.4</b>	<b>2,548</b>	<b>79.5</b>	<b>3,179</b>	<b>54.0</b>	<b>3,987</b>	<b>68.2</b>	<b>3,802</b>	<b>52.2</b>	<b>20%</b>	<b>-3%</b>
<b>Chinese mainland outbound</b>																
SOE	16	4.0	14	1.1	8	0.8	15	2.9	8	0.4	6	1.6	15	1.8	88%	350%
POE	97	3.2	75	4.0	84	3.4	111	8.4	77	3.7	68	3.3	90	6.6	17%	78%
* Financial buyers	178	24.7	110	4.7	79	1.8	57	1.5	57	1.3	43	2.0	28	2.4	-51%	85%
<b>Total Chinese mainland outbound</b>	<b>291</b>	<b>31.9</b>	<b>199</b>	<b>9.8</b>	<b>171</b>	<b>6.0</b>	<b>183</b>	<b>12.8</b>	<b>142</b>	<b>5.4</b>	<b>117</b>	<b>6.8</b>	<b>133</b>	<b>10.8</b>	<b>-6%</b>	<b>100%</b>
<b>HK/TW Outbound</b>	<b>61</b>	<b>2.3</b>	<b>68</b>	<b>2.4</b>	<b>45</b>	<b>2.6</b>	<b>46</b>	<b>1.8</b>	<b>54</b>	<b>5.3</b>	<b>77</b>	<b>2.8</b>	<b>69</b>	<b>1.7</b>	<b>28%</b>	<b>-68%</b>
<b>Total</b>	<b>6,173</b>	<b>222.9</b>	<b>5,546</b>	<b>234.4</b>	<b>4,048</b>	<b>147.2</b>	<b>4,515</b>	<b>180.8</b>	<b>4,779</b>	<b>118.1</b>	<b>5,875</b>	<b>156.5</b>	<b>5,664</b>	<b>171.5</b>	<b>19%</b>	<b>45%</b>

\*Financial buyer-backed Chinese Mainland outbound deals are also included in financial buyer deals, but they are not double counted in the total deal volume and deal value in the table above.

Source: Refinitiv Eikon, CV Source and PwC analysis

**Long-term overall M&A market in China by half-year** | In general, half-year deal volumes show a steady improvement over the past 2.5 years, although still below the peak levels seen between 2016 and 2021. Deal values remain at lower levels than those seen historically

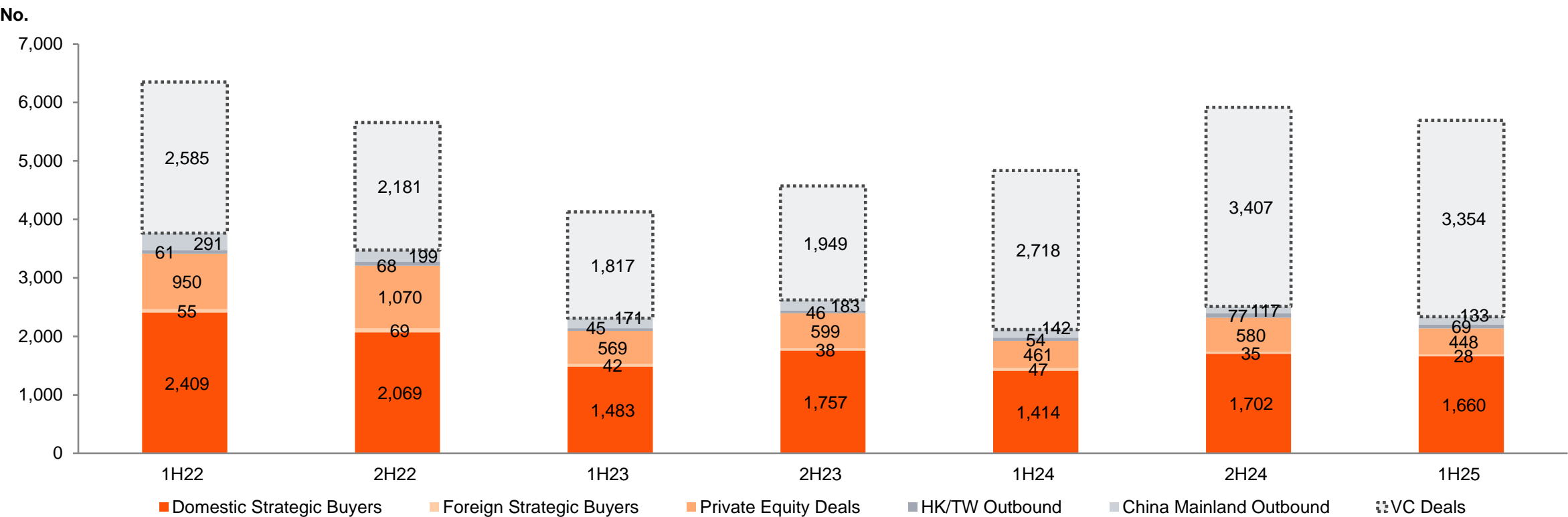
China M&A trend from 2013 to 2025 in half years



Source: Refinitiv Eikon, CV Source and PwC analysis

In terms of volume (number of transactions), domestic strategic and VC deals grew 17% and 23% respectively (1H25 vs 1H24); PE deals were down by 3%; inbound deals remained low, with only around 30 deals; and mainland outbound M&A was also soft at 133 deals, decreasing by 6%

Deal volume by main category

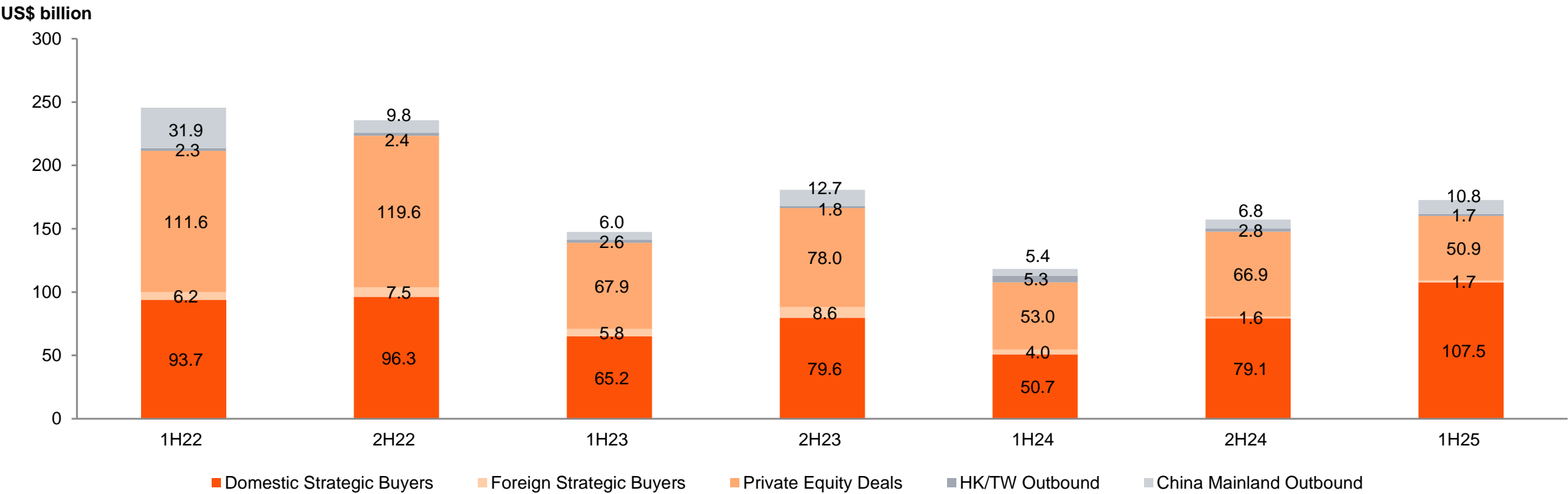


• 15 financial buyer-led mainland China outbound deals are also recorded in private equity deals, 13 are included in VC deals  
Source: Refinitiv, CV Source and PwC analysis



Overall deal values were up by 45% compared with the same period last year, driven by strong growth in domestic strategic deals, which more than doubled in value (112%), fueled by a handful of mega-deals; PE remained flat, with a slight drop of 4% in value

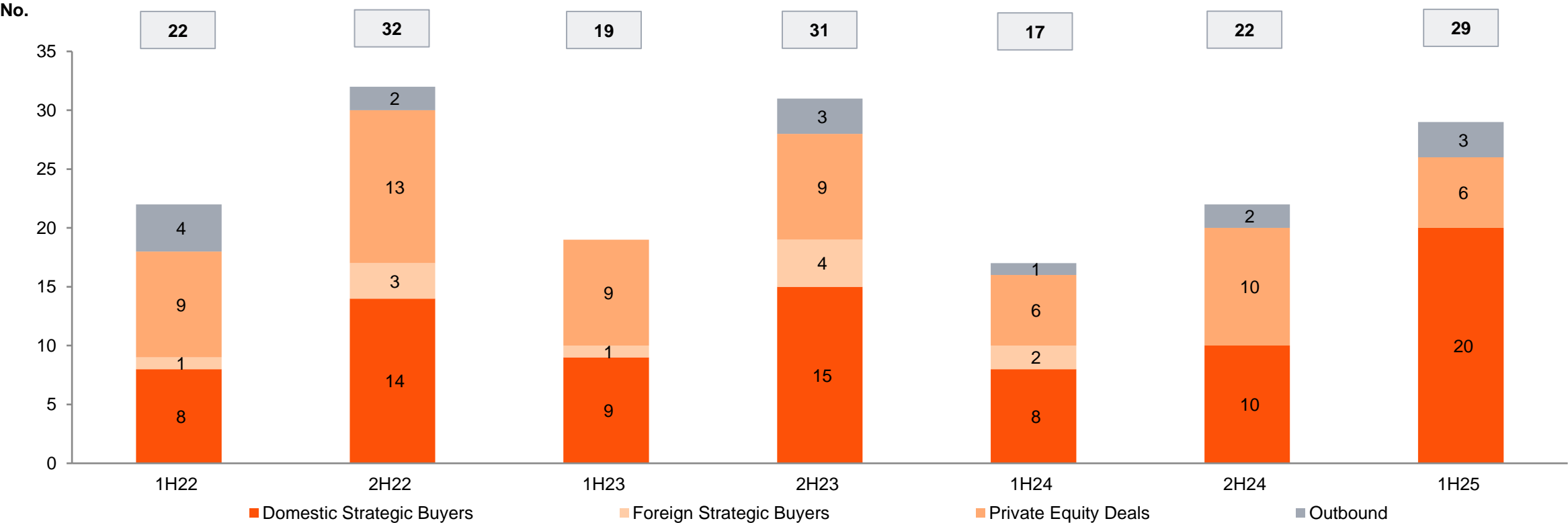
Deal value by main category (excludes VC)



\* US\$2.3bn of financial buyer-backed mainland China outbound deals are also recorded in private equity deals, US\$0.1million are recorded in VC deals(excluded from this chart)  
Source: Refinitiv, CV Source and PwC analysis

The first half of 2025 saw a continuation of the upward trend in mega-deals (>US\$1bn) with 29 such deals compared to 17 in the corresponding period in 2024 and 22 in the second half of 2024; of these, 20 were domestic strategic deals, nearly half of which were driven by SOEs; key sectors such as high-technology (7 mega-deals), healthcare (6) and industrials (5) outperformed

Number of deals with value > US\$ 1 billion



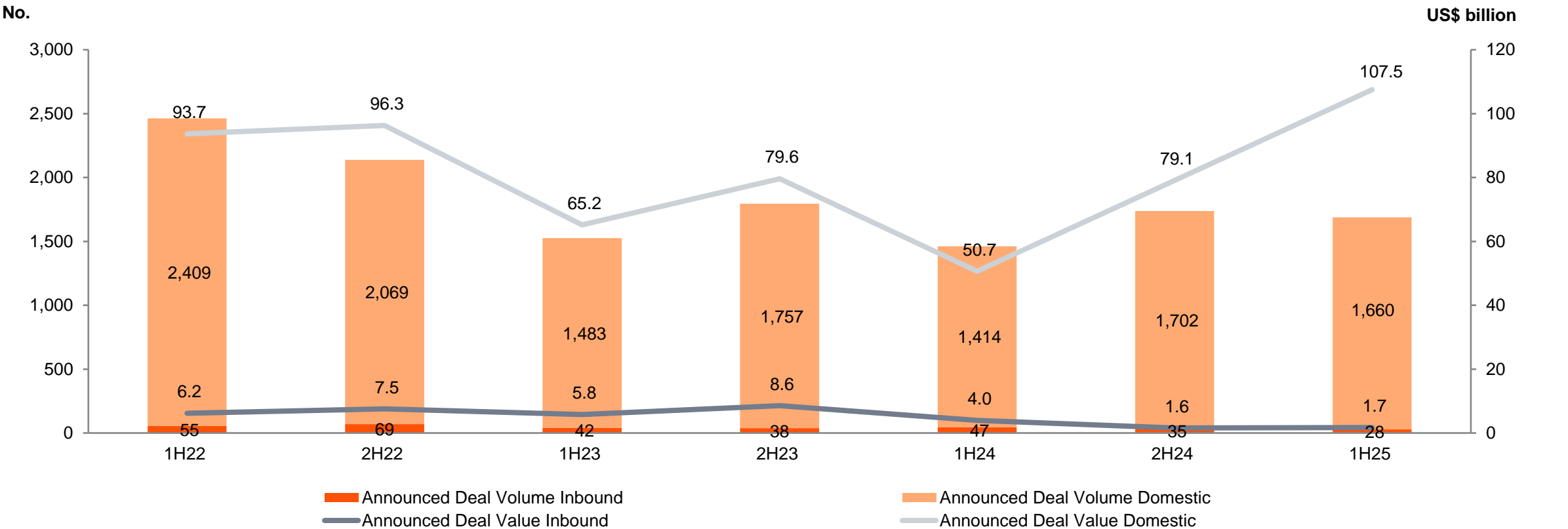
Source: Refinitiv, CV Source and PwC analysis

# Strategic buyers

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Domestic strategic M&A continued its upward trend, with 20 mega-deals compared to only 8 in the corresponding period; drivers of activity included: the launch of Deepseek AI in early 2025, which was a stimulus for the tech sector and wider-economy, a step-up in valuations and IPO activity on the Hong Kong Stock Exchange, and value chain integration among major A-share SOEs in certain key sectors (see next page); strategic inbound M&A, on the other hand, was very low

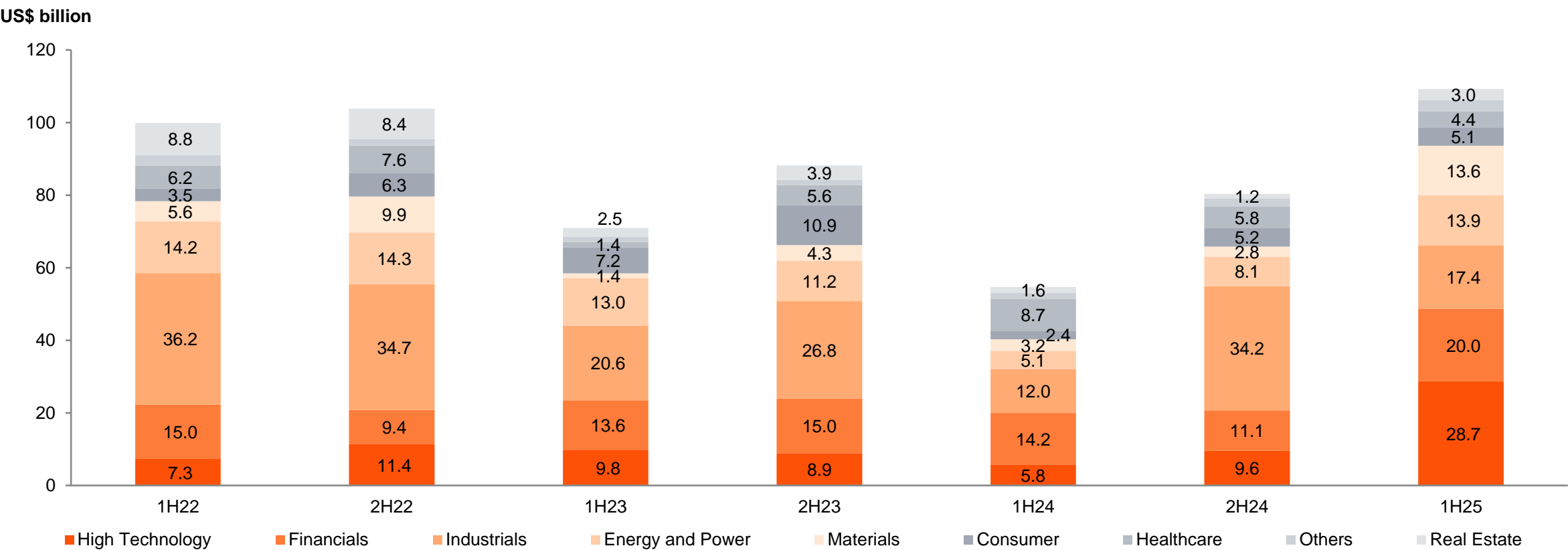
Strategic buyer deals – Domestic & Foreign



Source: Refinitiv, CV Source and PwC analysis

By sector, growth drivers were in segments such as high-technology (in particular, semiconductors) and mineral resources, reflecting national priorities

Strategic buyer deal value by industry sector



Source: Refinitiv, CV Source and PwC analysis

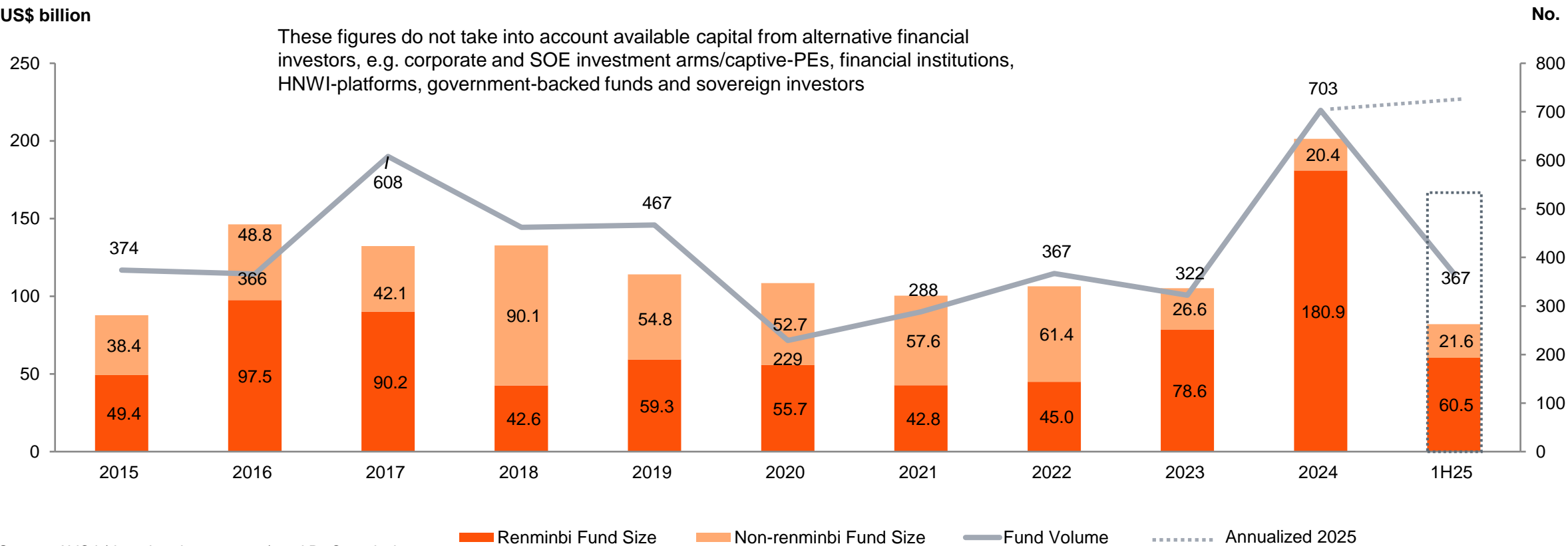


# PE/VC and financial buyer deals

# 3

PE fundraising saw a slight pro-rata decline compared to 2024, but both years are high compared to the 9 preceding years; the trend in favour of domestic renminbi-denominated fundraising (vs offshore US\$) remains evident

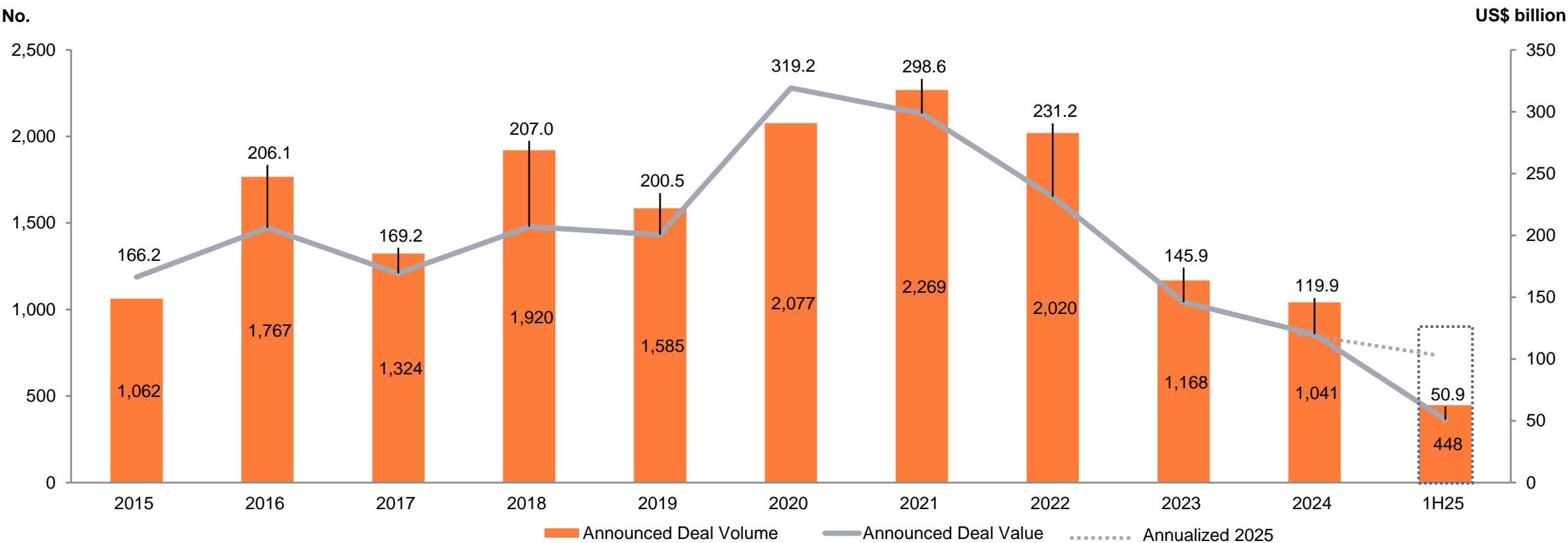
PE/VC fund raising for China investment



Source: AVCJ (data dated 2025.07.16) and PwC analysis

But the volume and value of new investments has continued to decline from the highs of the 2020-2022 period, with foreign PEs in particular reluctant to commit new money due to concerns ranging from geo-politics to economic conditions and valuation-gaps between buyers and sellers; there were only 6 mega-deals involving financial sponsors in the first half of 2025 (level with H1 2024)

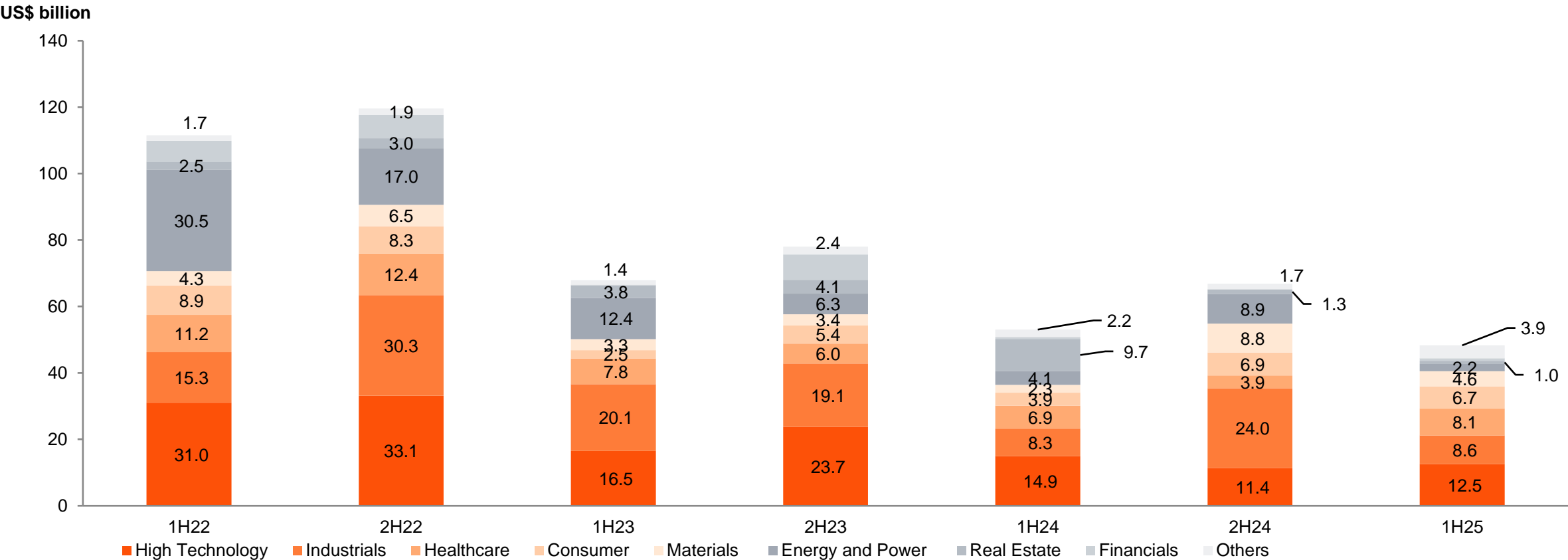
PE deals overview



Source: Refinitiv, CV Source and PwC analysis

Most of the sectors registered a decline or remained flat in dollar terms; the 6 mega-deals were in high-tech, healthcare and materials

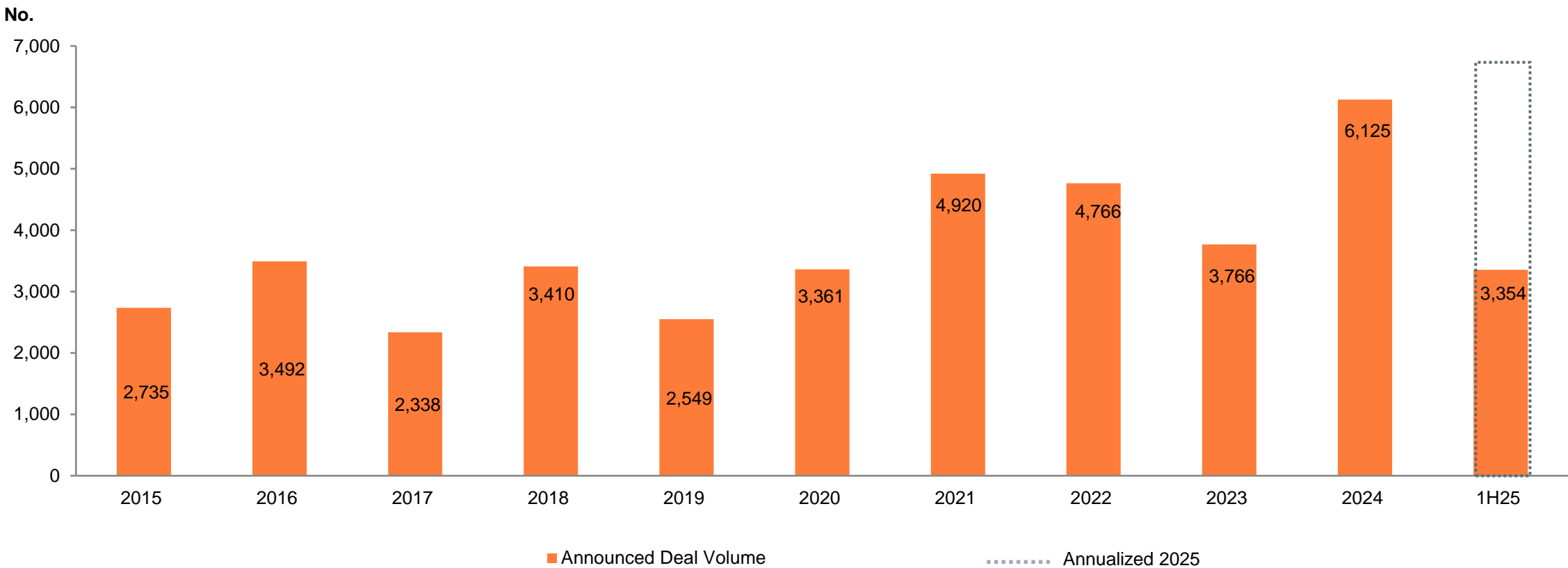
PE deal value by industry sector



Source: Refinitiv, CV Source and PwC analysis

Venture Capital investment remains a bright spot, however, with volumes continuing to grow and remaining at long term historical levels, driven by investment in emerging technologies such as AI, AI-enabled applications, and robotics

Venture capital deals

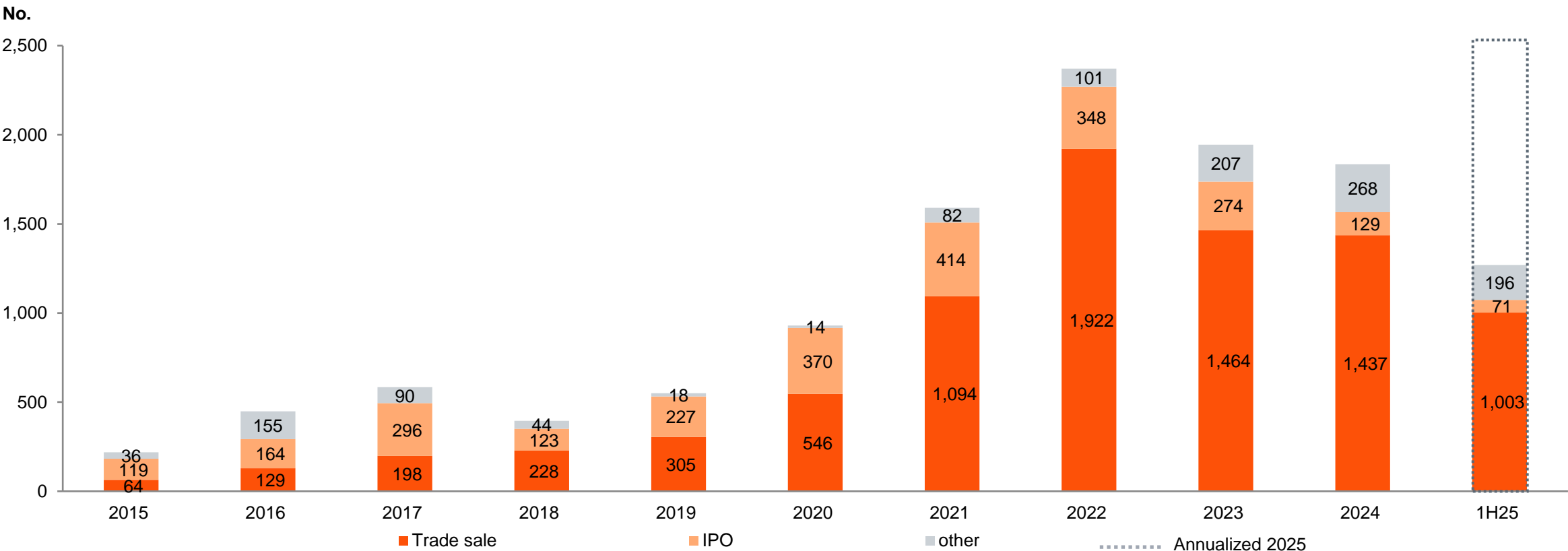


Source: Refinitiv, CV Source and PwC analysis



As expected, PE exit activity was strong, with sponsors taking advantage of improving economic trends and sentiment and a step-up in valuations; trade sales accounted for the majority of exits, with PE-backed IPO activity softer in Chinese mainland (although improving in Hong Kong – see next page); we are aware of a number of additional sale processes under preparation in the market which are not yet apparent in these announced deal statistics

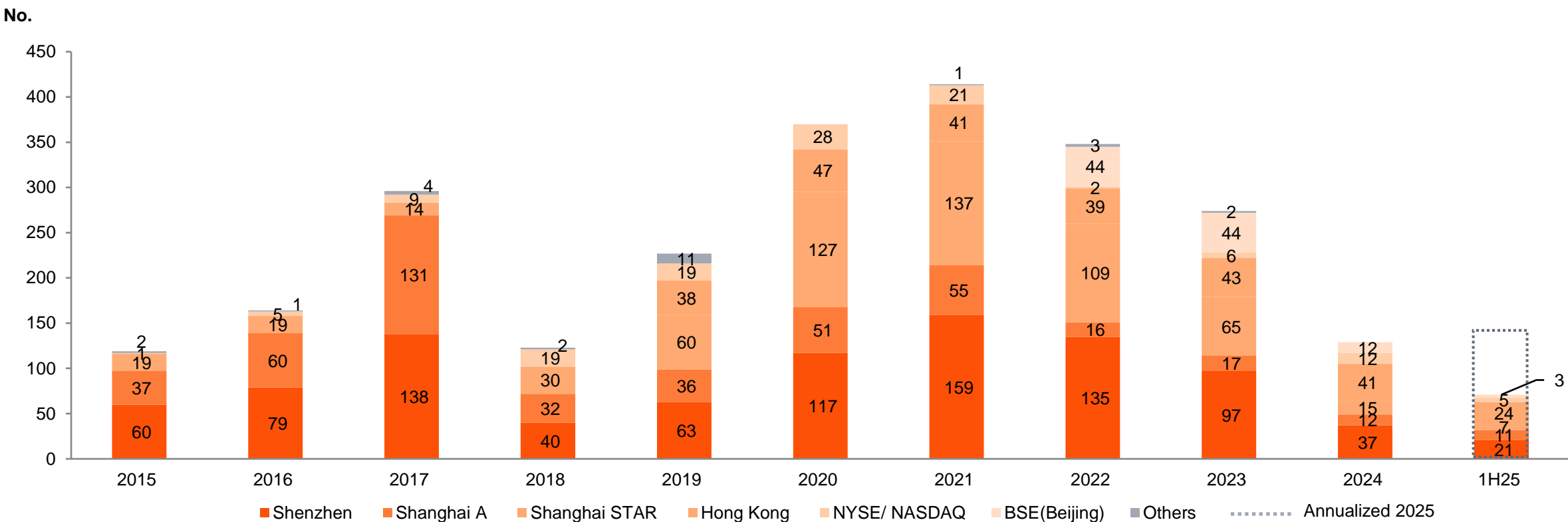
PE/VC-backed deal exit volume by type



Source: CV Source and PwC analysis

PE-backed IPO activity in the mainland China IPO markets has remained at historically low levels but, as an alternative exit strategy, the HKSE is on track for its best performance over the last 10 years (measured by number of PE-backed listings)

PE/VC-backed IPO exit volume by bourse



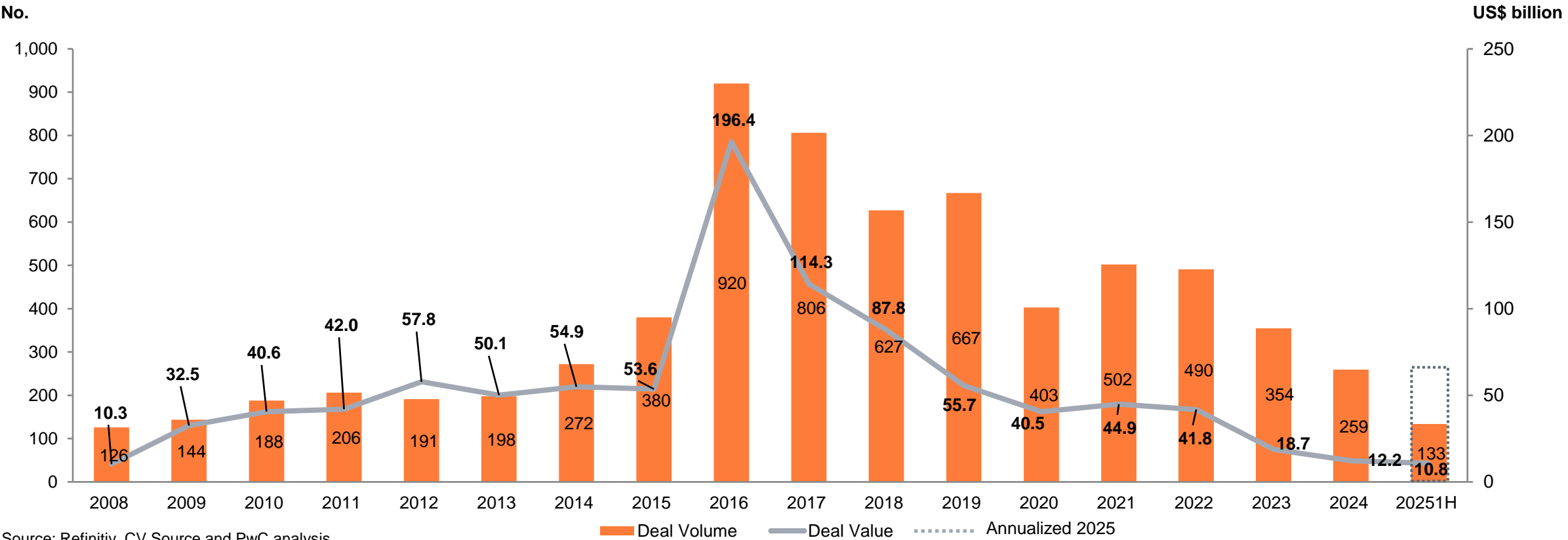
Source: CV Source and PwC analysis

# Chinese Mainland Outbound M&A



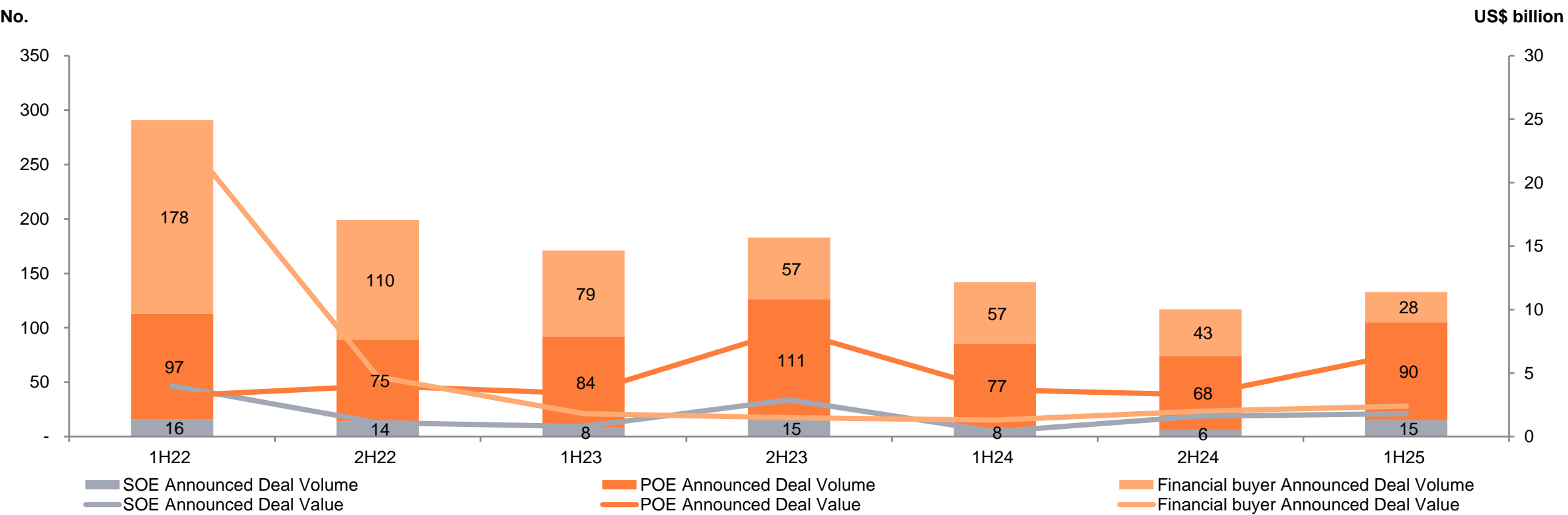
The steady decline in Chinese mainland outbound M&A activity continued (although we see signs of renewed interest not yet evident in these statistics) with only 3 mega-deals in the period (1H24: 1)

Chinese mainland outbound deals



Nevertheless, all categories showed growth in value compared with the first and second halves of 2024, albeit coming from a low base

Chinese mainland outbound deals by investor type

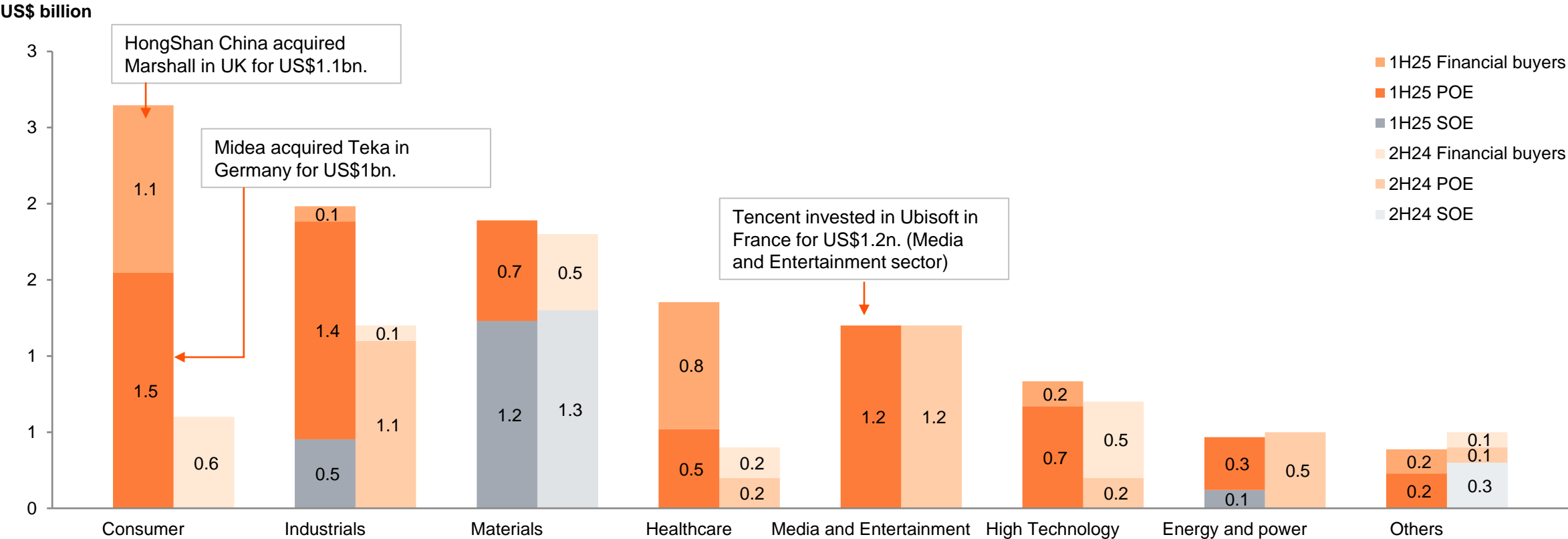


Source: Refinitiv, CV Source and PwC analysis



Only 3 outbound mega-deals were announced, albeit in the major European markets of UK, Germany and France...

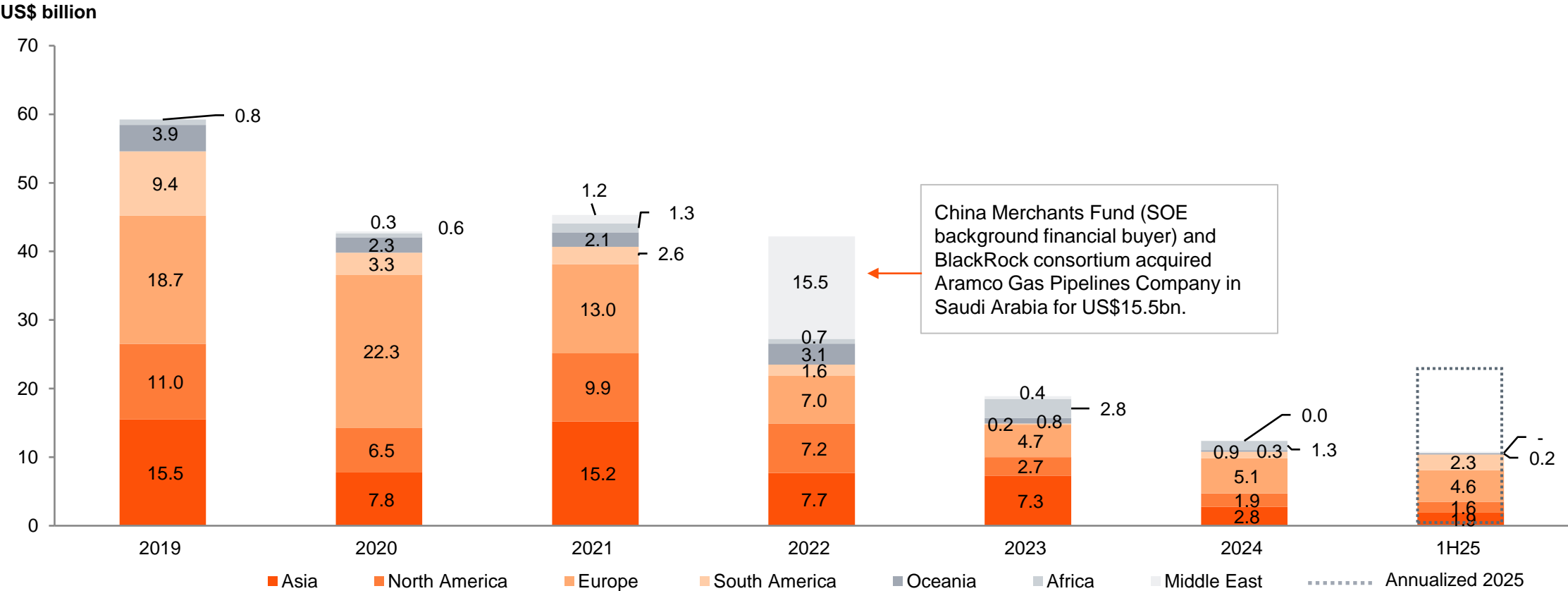
Chinese mainland outbound deals by industry sector – value



Source: Refinitiv, CV Source and PwC analysis

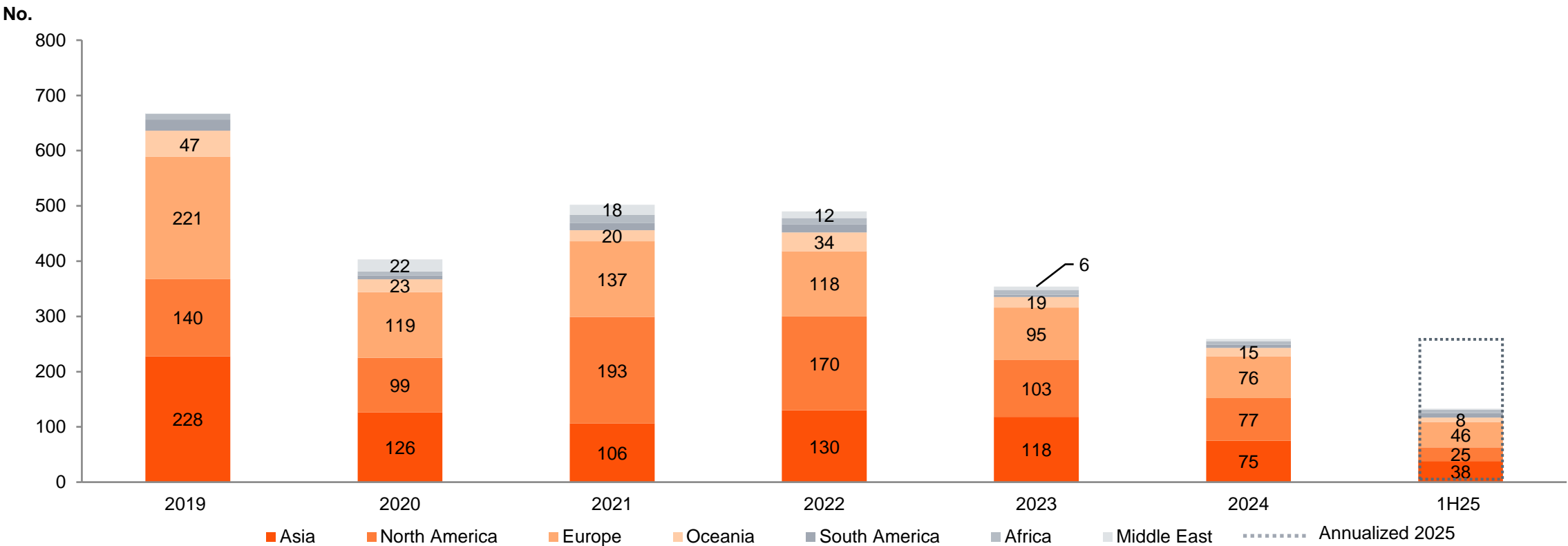
... which resulted in Europe continuing as the most important outbound destination measured by deal value...

Mainland China outbound deals by region – value



... and also by deal volume, pulling ahead of Asia and North America

Chinese mainland outbound deals by region – volume



Source: Refinitiv, CV Source and PwC analysis

# Key messages

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# Key messages

## China M&A in the first half of 2025 (1)

### Overall



- **China M&A jumped by 45% to US\$172bn in the first half of 2025 compared with the same period last year, driven by strong growth in domestic strategic M&A, which more than doubled to \$108bn, although PE (\$51bn) and outbound deal activity (\$11bn) remained subdued; the number of Venture Capital deals was also strong**
- In general, half-year deal volumes show a steady improvement over the past 2.5 years although still below the peak levels seen between 2016 and 2021, and deal-values remain at lower levels than those seen historically
- In terms of volume (number of transactions), domestic strategic and VC deals grew 17% and 23% respectively (1H25 vs 1H24); PE deals were down by 3%; inbound deals remained low, with only around 30 deals; and mainland outbound M&A was also soft at 133 deals, decreasing by 6%
- Overall deal values were up by 45% compared with the same period last year, driven by strong growth in domestic strategic deals, which more than doubled in value (112%), fueled by a handful of mega-deals; PE remained flat with slight drop of 4% in value
- The first half of 2025 saw a continuation of the upward trend in mega-deals (>US\$1bn) with 29 such deals compared to 17 in the corresponding period in 2024 and 22 in the second half of 2024; of these, 20 were domestic strategic deals, nearly half of which were driven by SOEs; key sectors such as high-technology (7 mega-deals), healthcare (6) and industrials (5) outperformed



# Key messages

## China M&A in the first half of 2025 (2)

### Domestic and Foreign-Inbound Strategic

- Domestic strategic M&A continued its upward trend with 20 mega-deals compared to only 8 in the corresponding period; drivers of activity included: the launch of Deepseek AI in early 2025, which was a stimulus for the tech sector and wider economy; a step-up in valuations and IPO activity on the Hong Kong Stock Exchange, and value chain integration among major A-share SOEs in certain key sectors; strategic inbound M&A, on the other hand, was very low
- By sector, growth drivers were in segments such as high-technology (in particular, semiconductors) and mineral resources, reflecting national priorities



# Key messages

## China M&A in the first half of 2025 (3)

### PE/VC and financial buyer deals

- PE fundraising saw a slight pro-rata decline compared to 2024, but both years are high compared to the 9 preceding years; the trend in favour of domestic renminbi-denominated fundraising (vs offshore US\$) remains evident
- But the volume and value of new investments has continued to decline from the highs of the 2020-2022 period, with foreign PEs in particular reluctant to commit new money due to concerns ranging from geo-politics to economic conditions and valuation gaps between buyers and sellers; there were only 6 mega-deals involving financial sponsors in the first half of 2025 (level with the corresponding period)
- Most of the sectors registered a decline or remained flat in dollar terms; the 6 mega-deals were in high-tech, healthcare and materials
- Venture Capital investment remains a bright spot, however, with volumes continuing to grow and remaining high at long-term historical levels, driven by investment in emerging technologies such as AI, AI-enabled applications, and robotics
- As expected, PE exit activity was strong, with sponsors taking advantage of improving economic trends and sentiment and a step-up in valuations; trade sales accounted for the majority of exits, with PE-backed IPO activity softer in Chinese mainland (although improving in Hong Kong – see next page); we are aware of a number of additional sale processes under preparation in the market which are not yet apparent in these announced deal statistics
- PE-backed IPO activity in the mainland China IPO markets have remained at historically low levels but, as an alternative exit strategy, the HKSE is on track for its best performance over the last 10 years (measured by number of PE-backed listings)

# Key messages

## China M&A in the first half of 2025 (4)



### Chinese Mainland Outbound

- The steady decline in Chinese mainland outbound M&A activity continued (although we see signs of renewed interest not yet evident in these statistics) with only 3 mega-deals in the period (1H24: 1)
- Nevertheless, all categories showed growth in value compared with the first and second halves of 2024, albeit coming from a low base
- Only 3 outbound mega-deals were announced, albeit in the major European markets of UK, Germany and France, which resulted in Europe continuing as the most important outbound destination measured by deal value and also by deal volume, pulling ahead of Asia and North America

# Outlook

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# China M&A market outlook for the 2<sup>nd</sup> half of 2025



## Challenges

- Some major uncertainties, in particular relating to trade and geopolitics
- Narrowing investment channels for foreign capital, such as US dollar funds in China



## Positive Factors

- Signs of economic recovery in China, including rising stock market valuations
- Pent-up demand for M&A activity; ongoing backlog of PE exits
- Much stronger capital markets in Hong Kong, driving valuations and exit opportunities
- Nascent renewed interest in China as an investment destination; some re-allocation of capital away from the US
- Ongoing SOE reform, driving large-scale mergers and acquisitions
- A-share players using M&A to grow and acquire new capabilities
- Renewed confidence in tech sector driven by AI and robotics
- Aggressive competition in some sectors will result in consolidation
- Growing outbound investment demand, especially into Southeast Asia, partly driven by supply-chain realignment
- MNCs reassessing their business strategies and structures in China, potentially bringing more deal activity



## Expected Growth Areas

- A-share M&As
- Domestic deals
- PE exits
- MNC divestitures
- SOE reform deals

A more active M&A market is expected in the 2<sup>nd</sup> half, with an overall high double-digit growth of deal value projected in 2025 over 2024

# Data compilation methodology and disclaimer

Statistics contained in this presentation and the press release may vary from those contained in previous press releases. There are three reasons for this: Refinitiv and CV Source historical data is constantly updated as deals are confirmed or disclosed; PricewaterhouseCoopers has excluded certain transactions which are more in the nature of internal re-organisations than transfers of control; and exchange rate data has been adjusted.

## Included Deals

- Acquisitions of private/public companies resulting in change of control
- Investments in private/public companies (involving at least 5% ownership)
- Mergers
- Buyouts/buy-ins (LBOs, MBOs, MBIs)
- Privatizations
- Tender offers
- Spinoffs
- Split-off of a wholly-owned subsidiary when 100% sold via IPO
- Divestment of company, division or trading assets resulting in change of control at parent level
- Reverse takeovers
- Re-capitalisation
- Joint Venture buyouts
- Joint Ventures
- Receivership or bankruptcy sales/auctions
- Tracking stock

## Excluded Deals

- Property/real estate for individual properties
- Rumored transactions
- Options granted to acquire an additional stake when not 100% of the shares have been acquired
- Any purchase of brand rights
- Land acquisitions
- Equity placements in funds
- Stake purchases by mutual funds
- Open market share buyback/retirement of stock unless part of a privatization
- Balance sheet restructuring or internal restructuring
- Investments in greenfield operations
- Going private transactions(with no new investors)



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