

China M&A 2025 Review and Outlook



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Foreword

Explanation of data shown in this presentation (1)

- The data presented is based on information compiled by Refinitiv, CV Source, AVCJ, public news and PwC analysis unless stated otherwise.
- Refinitiv and CV Source only record publicly announced deals. Some of those announced deals may ultimately fail to close.
- 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 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 companies’ acquisitions abroad.
- “Inbound” relates to overseas companies’ 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.
- To exclude foreign exchange impact, deal values from previous years were adjusted based on monthly average Rmb/US\$ exchange rate in 2025.



China M&A Overview

1

China's M&A market experienced a robust rebound in 2025, as deal value and volume surged amid a more favourable capital market and supportive government policies. Full-year deal value exceeded \$400bn, representing a 47% year-over-year increase, while deal volume surpassed 12,000 transactions—a rise of nearly 20%. Strategic buyer deals grew by nearly 80%, with financial investments and Chinese Mainland outbound deals up 16% and 88% respectively, further boosting overall market activity.

Total deal volume and value, from 2020 to 2025

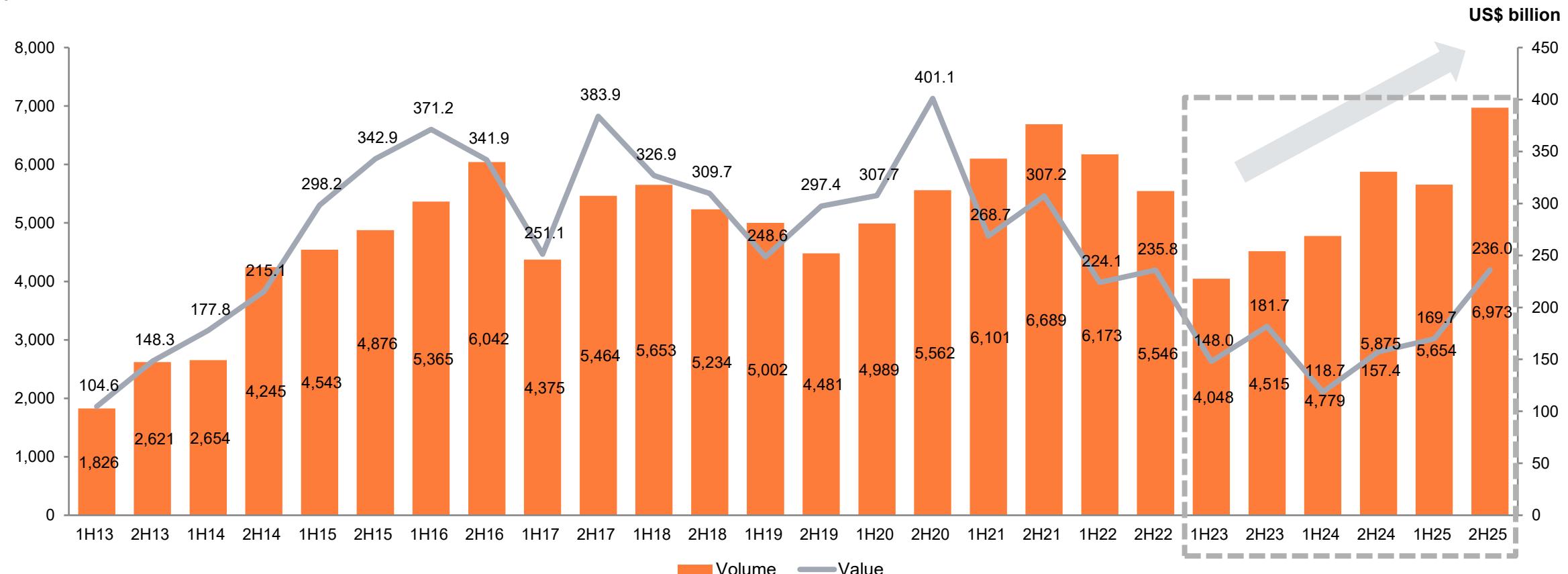
	2020		2021		2022		2023		2024		2025		% Diff vol.	% Diff val.
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value	2025 vs. 2024	2025 vs. 2024
Strategic buyers		(US\$bn)		(US\$bn)		(US\$bn)		(US\$bn)		(US\$bn)		(US\$bn)		
Domestic	4,530	337.5	5,143	236.4	4,478	191.0	3,240	145.6	3,116	130.5	3,639	239.0	17%	83%
Foreign	181	14.1	142	18.0	124	13.8	80	14.4	82	5.6	93	4.0	13%	-28%
Total strategic buyers	4,711	351.6	5,285	254.4	4,602	204.9	3,320	160.0	3,198	136.1	3,732	243.0	17%	79%
Financial buyers														
PE deals	2,077	321.0	2,269	300.3	2,020	232.4	1,168	146.8	1,041	120.6	1,189	139.4	14%	16%
VC deals	3,361	2.7	4,920	3.3	4,766	5.4	3,766	3.0	6,125	2.3	7,382	2.7	21%	18%
*Total financial buyers	5,438	323.6	7,189	303.6	6,786	237.8	4,934	149.7	7,166	122.9	8,571	142.1	20%	16%
Chinese Mainland outbound														
SOE	27	6.2	19	4.4	30	5.2	23	3.7	14	2.0	23	2.6	64%	30%
POE	253	21.2	211	8.5	172	7.3	195	11.9	145	7.0	179	14.2	23%	103%
* Financial buyers	123	13.4	272	32.3	288	29.5	136	3.3	100	3.3	70	6.2	-30%	88%
Total Chinese Mainland outbound	403	40.8	502	45.2	490	42.0	354	18.8	259	12.3	272	23.0	5%	88%
HK/TW outbound	122	6.2	86	4.9	129	4.7	91	4.4	131	8.1	122	3.8	-7%	-53%
Total	10,551	708.7	12,790	575.8	11,719	459.9	8,563	329.7	10,654	276.1	12,627	405.7	19%	47%

*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, CV Source and PwC analysis

Overall M&A market by half-year | In general, half-year **deal volumes** showed consistent improvement over the past 3 years, peaking at 6,973 transactions in 2H 2025. **Deal values** have been on a steady upswing since 1H 2024, signaling a sustained rebound.

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

No.

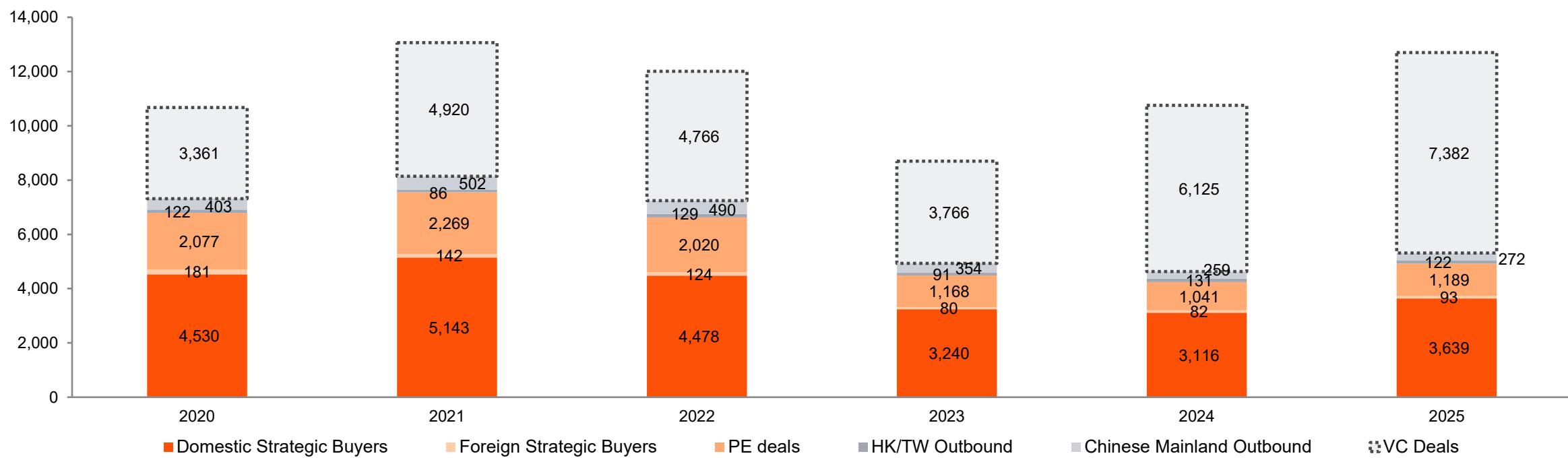


Source: Refinitiv, CV Source and PwC analysis

Full-year deal volume rose 19%, maintaining market vibrancy. Domestic and foreign strategic buyer deals increased 17% and 13% respectively, while PE and VC deals grew 14% and 21%. Chinese Mainland outbound M&A reached 272 transactions, representing a 5% year-on-year increase.

Deal volume by main category

No.



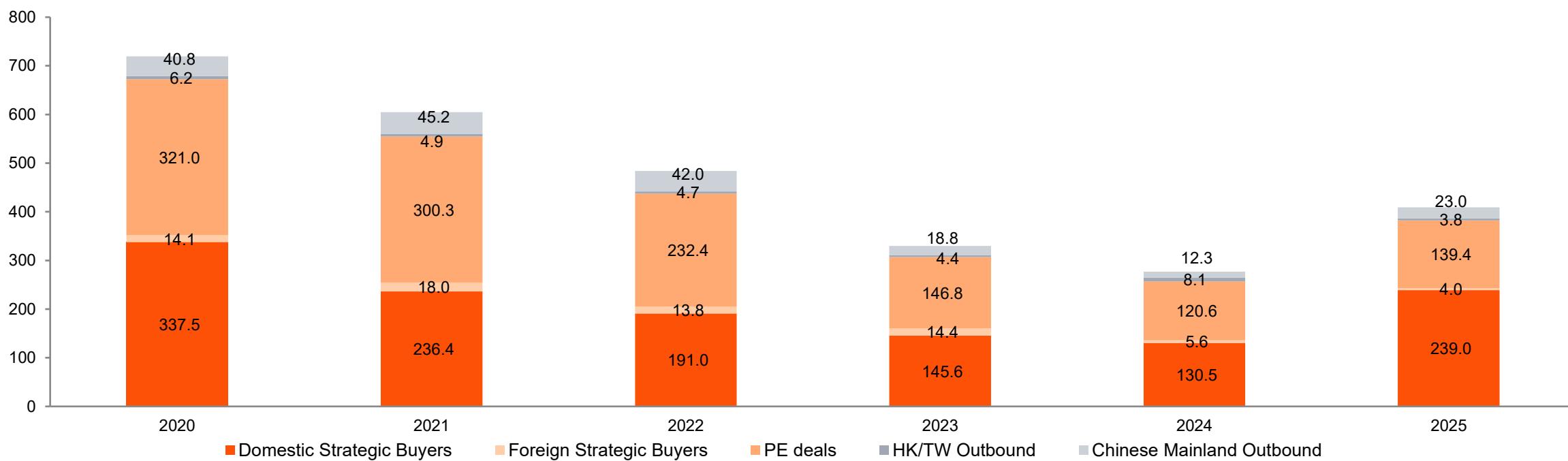
*33 financial buyer-led Chinese Mainland outbound deals are also recorded in PE deals, 37 are included in VC deals.

Source: Refinitiv, CV Source and PwC analysis

In 2025, overall deal values were up 47% year-on-year, marking the market's first rebound in five years. This growth was driven primarily by domestic strategic deals, which surged 83% following the closure of several mega-deals. PE deal values rose 16%, while outbound deals—albeit from a small base—soared 88%.

Deal value by main category (excl. VC)

US\$ billion

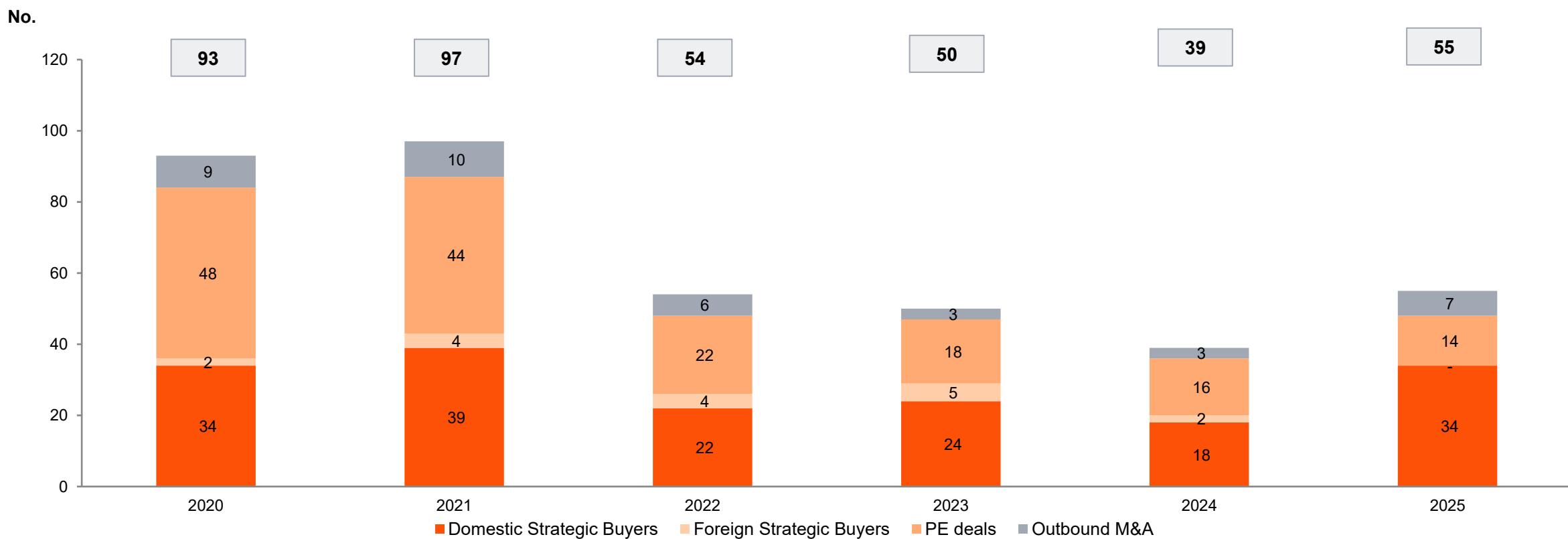


US\$6.2bn of financial buyer-backed Chinese Mainland outbound deals are also recorded in PE deals, US\$0.1bn are recorded in VC deals(excluded from this chart).

Source: Refinitiv, CV Source and PwC analysis

2025 saw a strong comeback for mega-deals (>US\$1bn) with 55 deals finalised—a substantial increase from 39 in 2024. Among these, 34 were domestic strategic deals, over half of which were driven by SOEs. The sector breakdown demonstrates a diversified trend, led by high technology (11 deals), raw materials (9), energy & power (8), with industrials and consumer products each contributing 7 deals.

Number of deals with value >US\$1bn



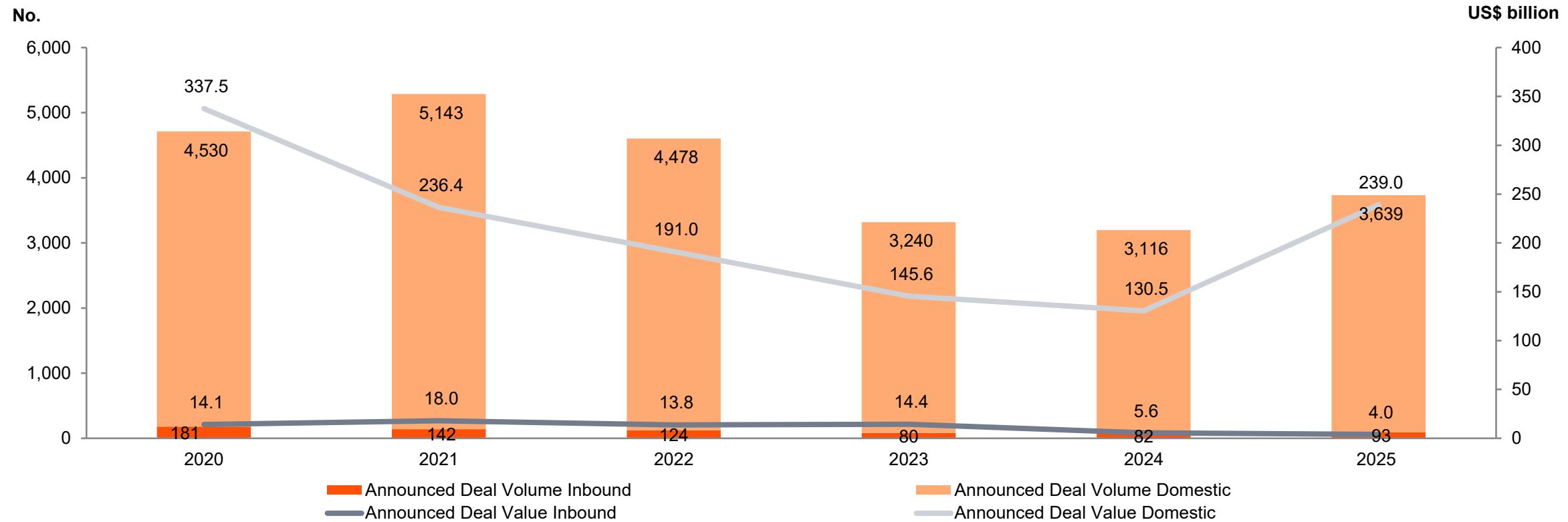
Source: Refinitiv, CV Source and PwC analysis

Strategic Buyers

2

Domestic strategic M&A witnessed a marked recovery in 2025, totalling 3,639 transactions valued at US\$239bn. Among these, 34 were mega-deals exceeding US\$1bn each—nearly double the 18 recorded in 2024. Key drivers included recovering capital market valuations, a rebound in the IPO market, accelerated tech innovation, deeper industry consolidation and heightened exit needs among financial investors. Ongoing policy support for M&A, particularly for major deals, provided further momentum. In contrast, strategic inbound M&A remained subdued.

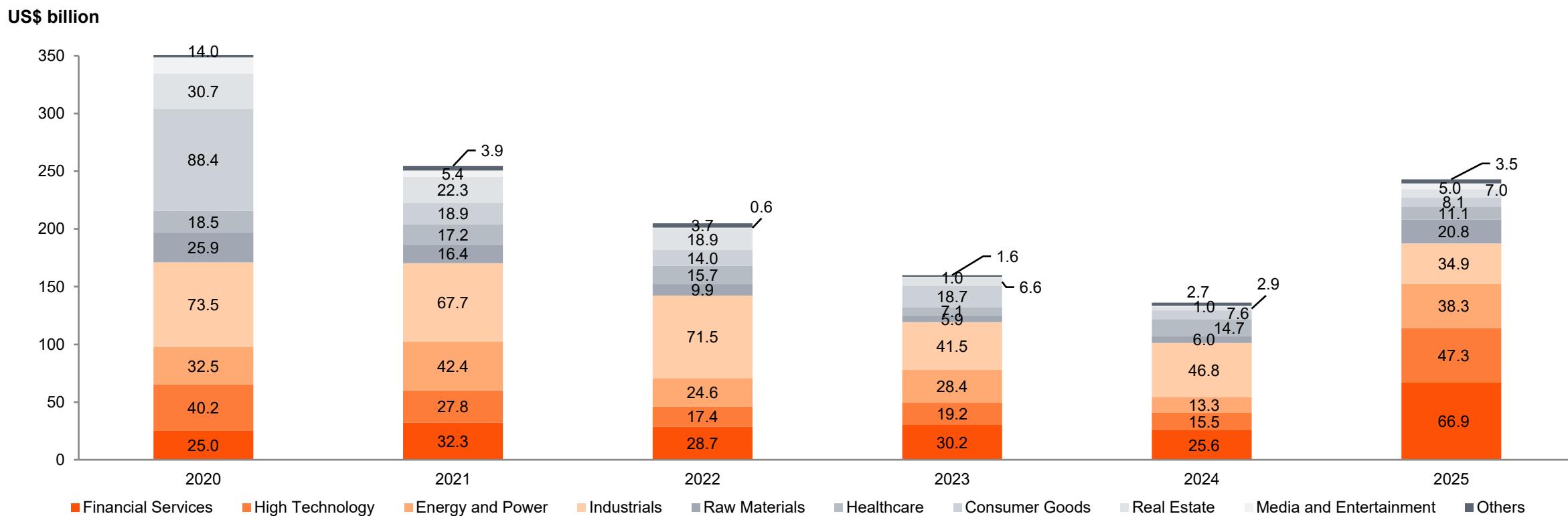
Strategic buyer deal value and volume - Domestic & Foreign



Source: Refinitiv, CV Source and PwC analysis

2025 saw accelerated domestic industry consolidation, as several leading securities firms in the financial sector finalised their strategic deals. Backed by policy support for strategic industries including semiconductors, AI, computing infrastructure, and new energy, the High Technology and Energy and Power sectors witnessed acceleration in horizontal integration and collaboration along the industry chain, triggering a wave of mega-deals.

Strategic buyer deal value by industry sector

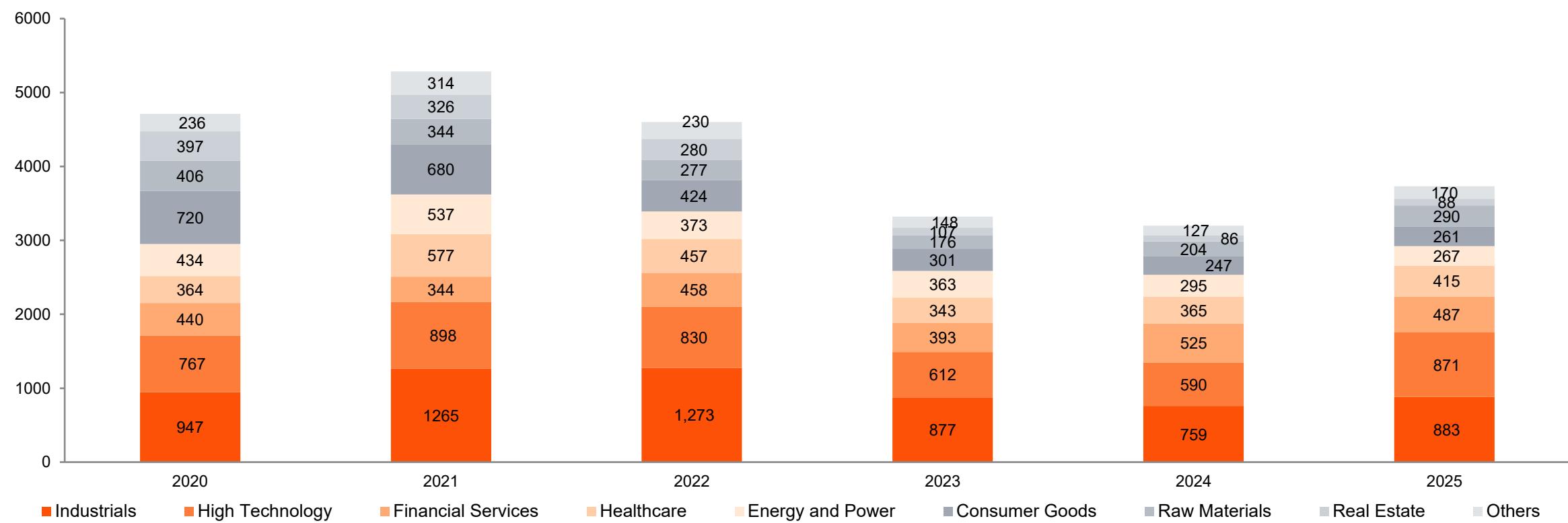


Source: Refinitiv, CV Source and PwC analysis

In 2025, the Industrials and High Technology sectors continued to be the most favorable M&A markets for corporate buyers. Frontier segments such as new energy vehicles, industrial upgrading, and generative AI infused strong momentum into the market. Meanwhile, consolidation in the financial sector intensified, characterised by major mergers led by top institutions and active restructuring and realignment among small and medium-sized entities.

Strategic buyer deal volume by industry sector

No.



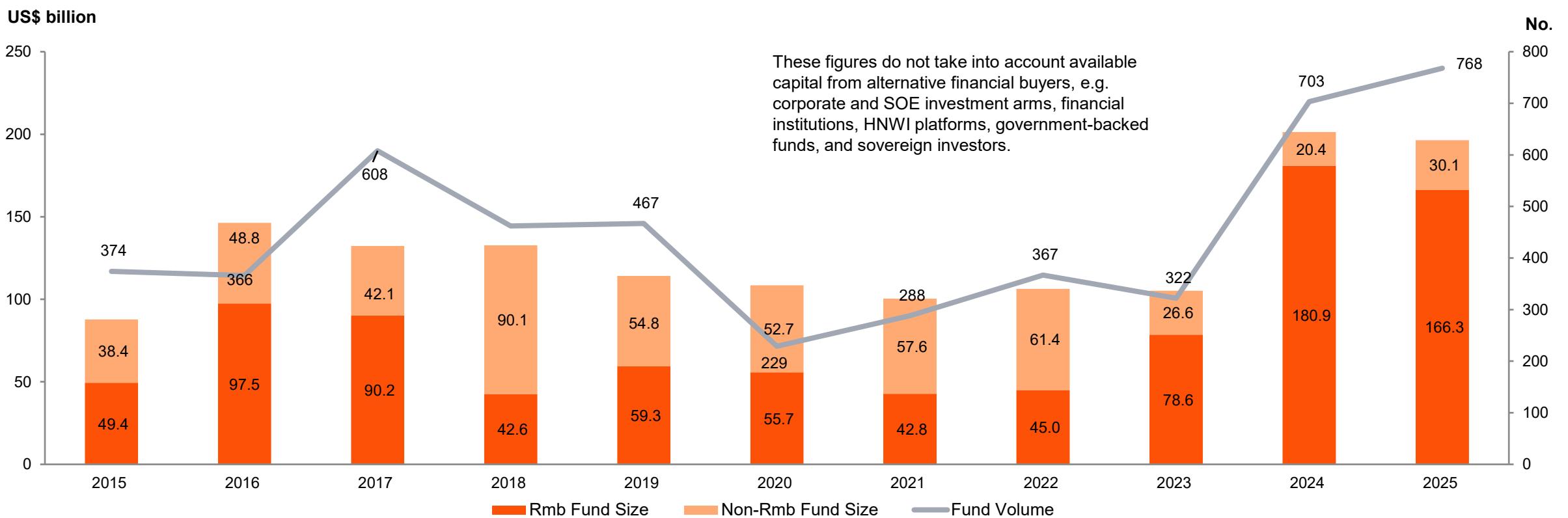
Source: Refinitiv, CV Source and PwC analysis

PE/VC and Financial Buyer Deals

3

The number of newly established funds hit a record high in 2025. While PE fundraising saw a slight pro-rata decline compared to 2024, activity in both years remained elevated compared to the preceding 9-year period. The structural shift toward domestic RMB-denominated fundraising (vs offshore US\$) remained clearly evident.

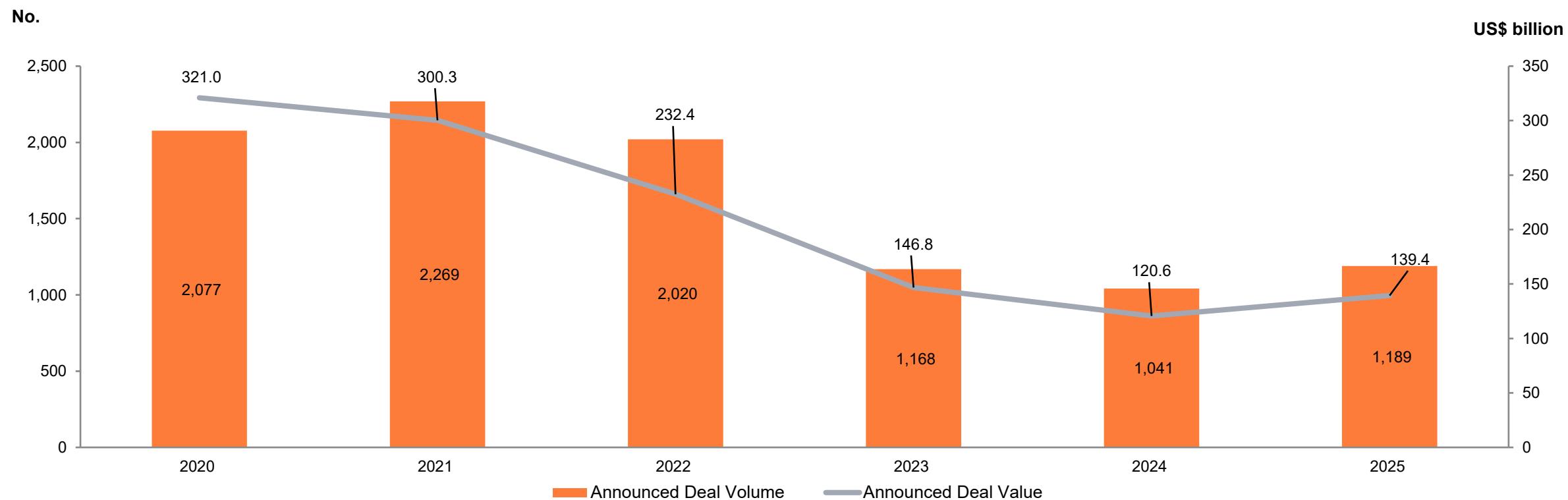
PE/VC fund raising for China investment



Source: AVCJ (data dated 5 January 2026) and PwC analysis

In 2025, PE/financial buyer deal volume and value rose 14% and 16% year-on-year, respectively. While activity remained below the 2020–2022 peak, their market participation showed a continued recovery. Throughout the year, 14 mega-deals were closed—compared to 16 in 2024—with 8 of these spearheaded by state-backed funds.

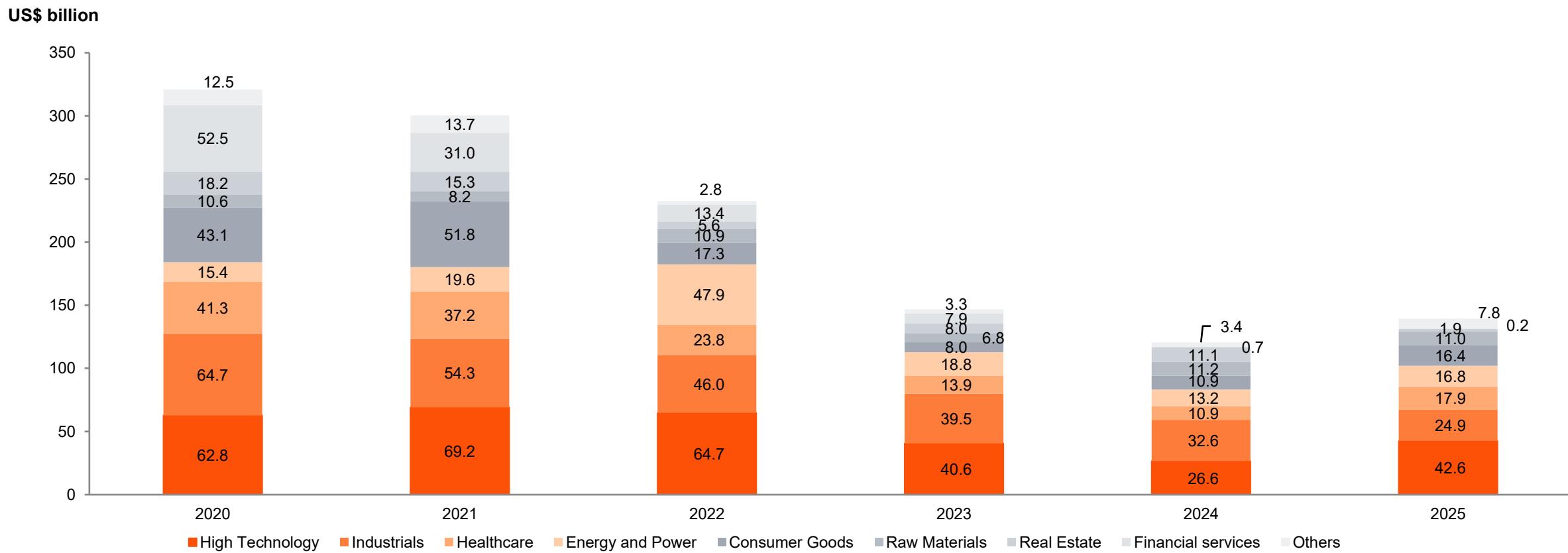
PE deals overview - value and volume



Source: Refinitiv, CV Source and PwC analysis

In 2025, high-tech, industrial products and healthcare emerged as the three top sectors for financial buyers, reflecting a close alignment with national policy priorities. Within these sectors, 14 mega-deals were recorded, led by energy (4 deals) and power and high-tech (3 deals).

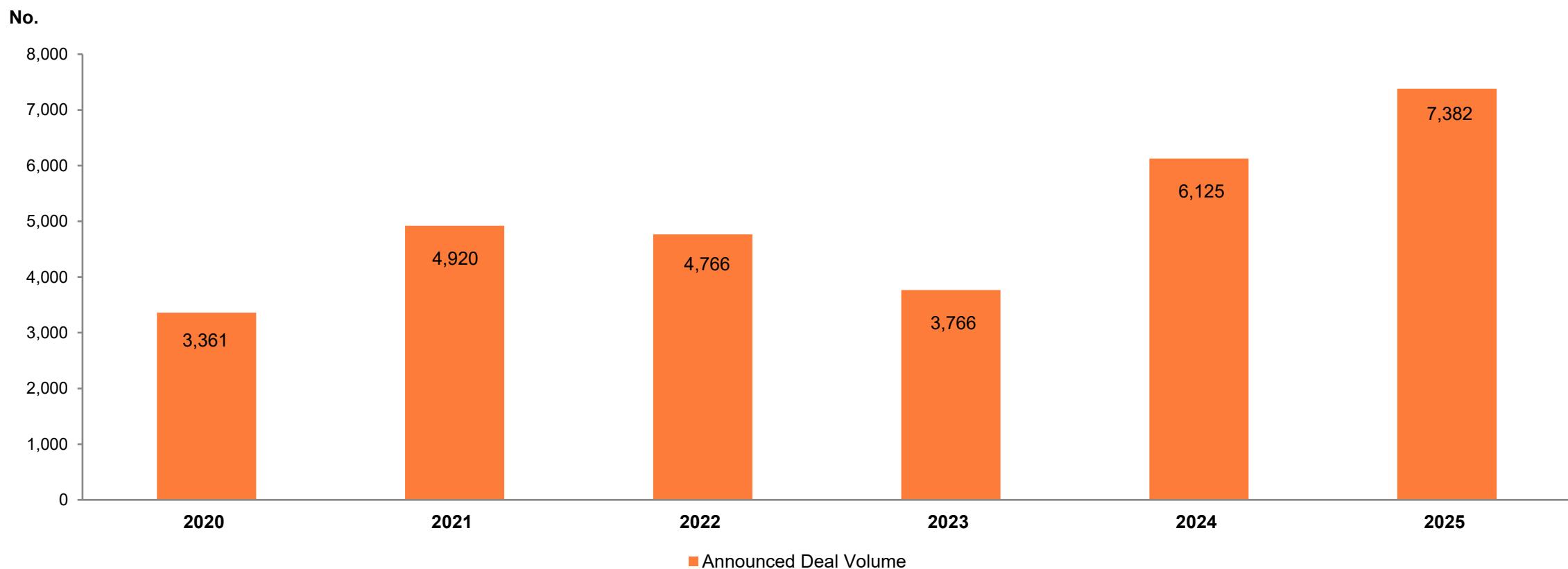
PE deal value by industry sector



Source: Refinitiv, CV Source and PwC analysis

VC deal volume reached a record high of 7,382 in 2025, driven by significant investment in emerging technologies such as AI, AI-enabled applications and robotics. The sector continued to focus on nurturing deep-tech start-ups, serving as a key catalyst for industrial chain advancement. High-tech, industrial products and healthcare remained the hotspots, accounting for 75% of total deal volume. The high-tech sector dominated, securing a 42% share with more than 3,000 deals.

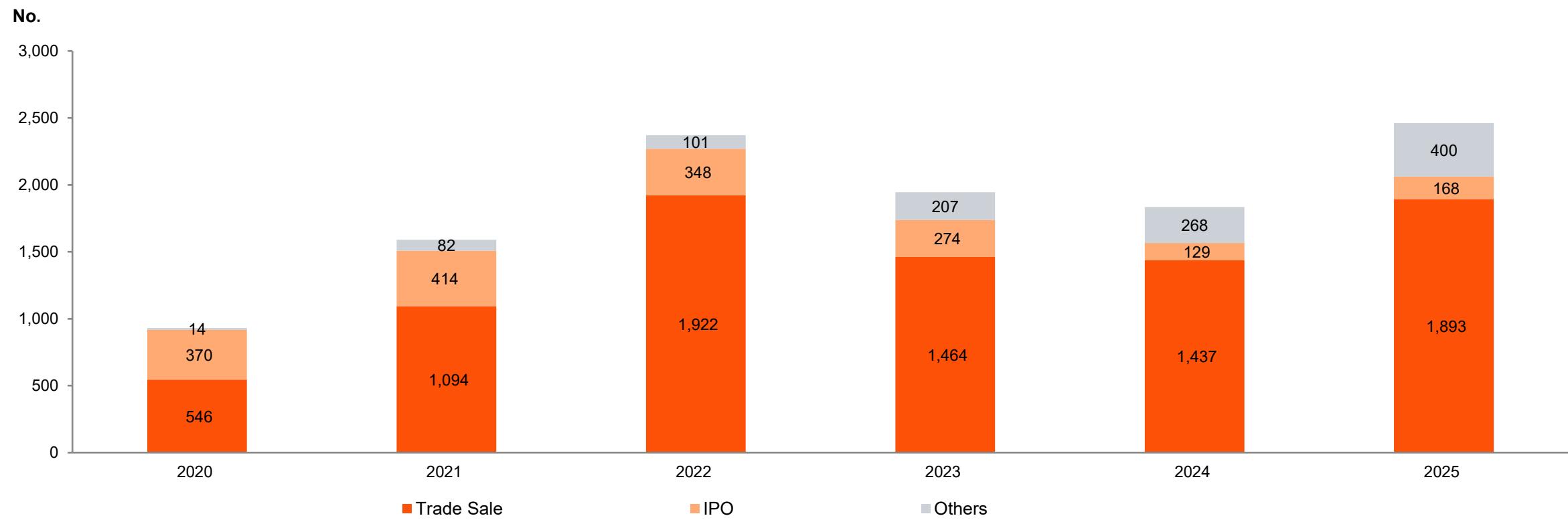
VC deals overview - value and volume



Source: Refinitiv, CV Source and PwC analysis

PE exit activity was robust in 2025, as sponsors capitalised on improving economic conditions, favourable sentiment and rising valuations. Trade sales accounted for the majority of exits, while PE-backed IPO activity remained subdued in the Chinese mainland—despite improvements in Hong Kong (see next page). The remainder consisted largely of peer-to-peer secondary sales (i.e., PE-PE secondary). It is worth noting that these announced deal figures do not yet reflect a number of additional sale processes currently in preparation.

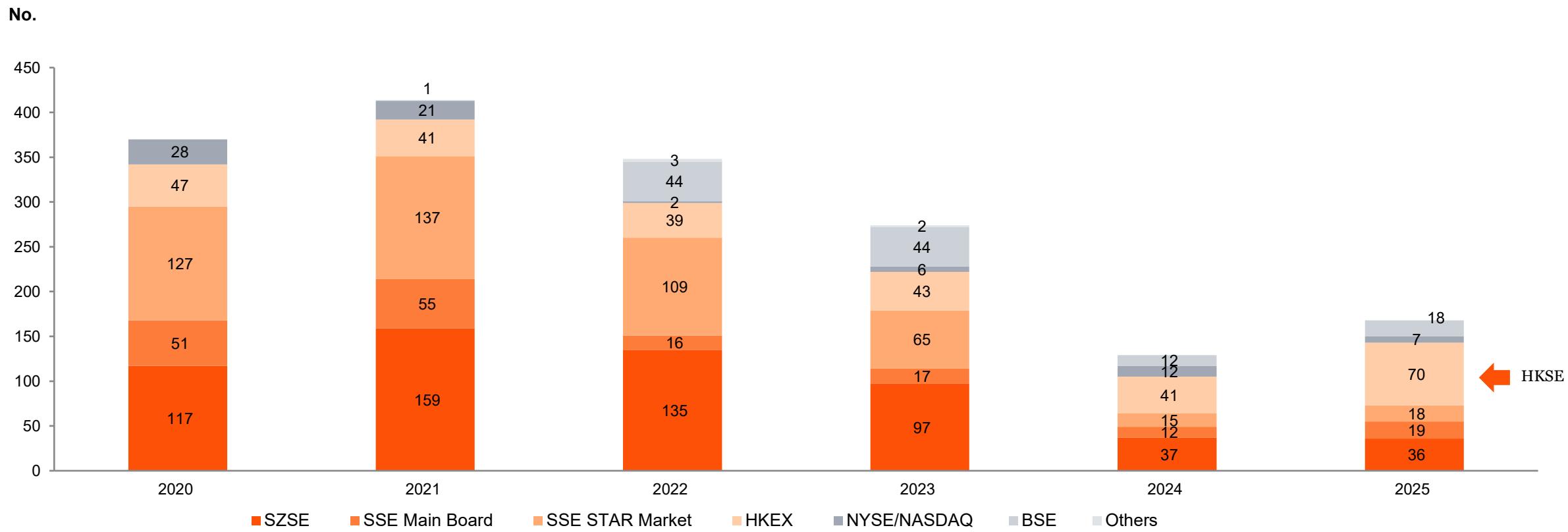
PE/VC-backed deal exit volume by type



Source: Refinitiv, CV Source and PwC analysis

PE-backed IPO exit activity in the Chinese mainland remained at historically low levels in 2025, showing only a modest recovery from 2024. As a primary alternative, the Hong Kong Stock Exchange (HKSE) was on track for its best performance. A record 70 PE-backed IPO exits were completed throughout the year, of which 20 were in the biotechnology and pharmaceutical sectors.

PE/VC-backed IPO exit volume by bourse



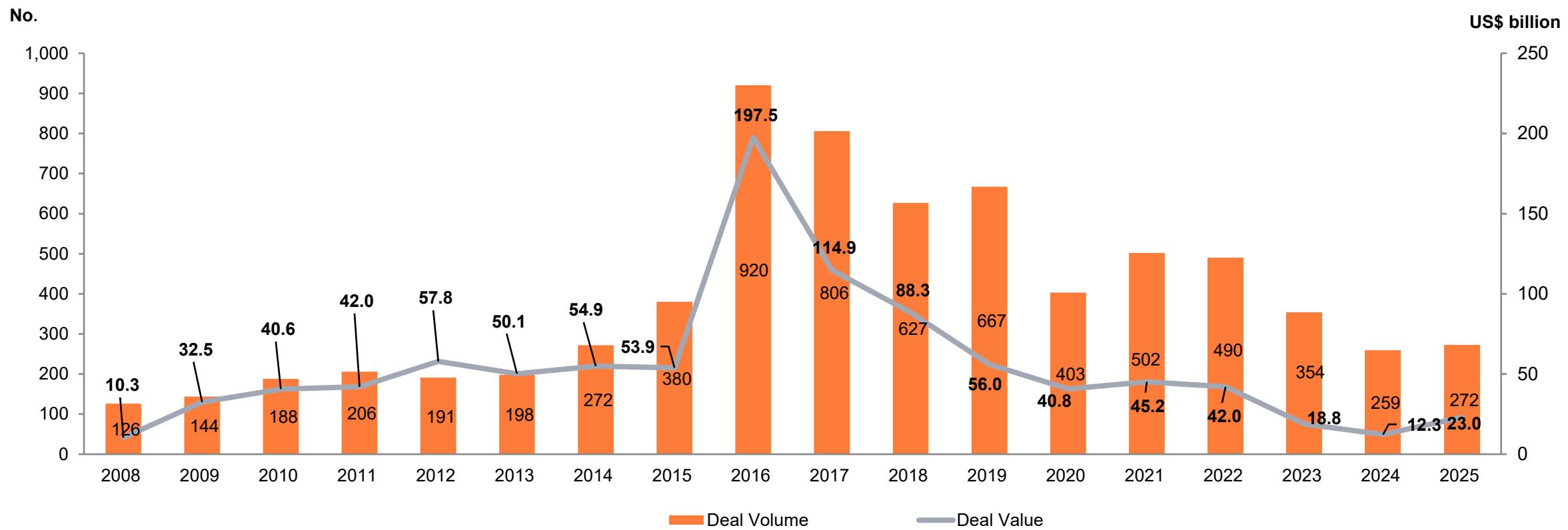
Source: Refinitiv, CV Source and PwC analysis

Chinese Mainland Outbound M&A

4

Chinese mainland outbound M&A activity showed signs of recovery in 2025, with 272 deals announced, representing a 5% year-on-year increase. Total deal value reached US\$23bn, surging 88% from the prior year. While the overall scale remained low, the rebound momentum was notable. The number of mega-deals grew to 7 (from just 3 in 2024), 4 of which were in the European consumer goods sector. This trend reflects growing domestic consumer demand for high-quality imports, facilitated by the sector's relatively low geopolitical sensitivity and favourable regulatory environment.

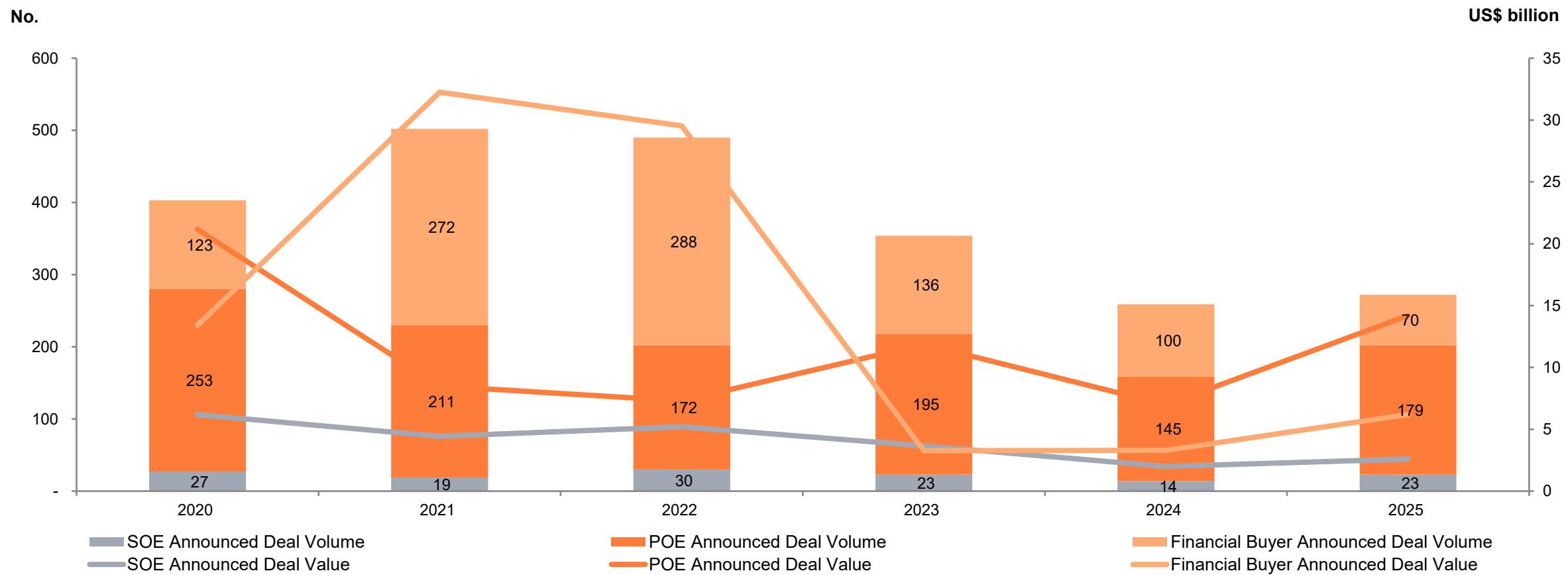
Chinese Mainland outbound deals - value and volume



Source: Refinitiv, CV Source and PwC analysis

In 2025, POEs remained the most active players in outbound M&A for the third consecutive year, surpassing SOEs and financial buyers in both participation levels and investment scale.

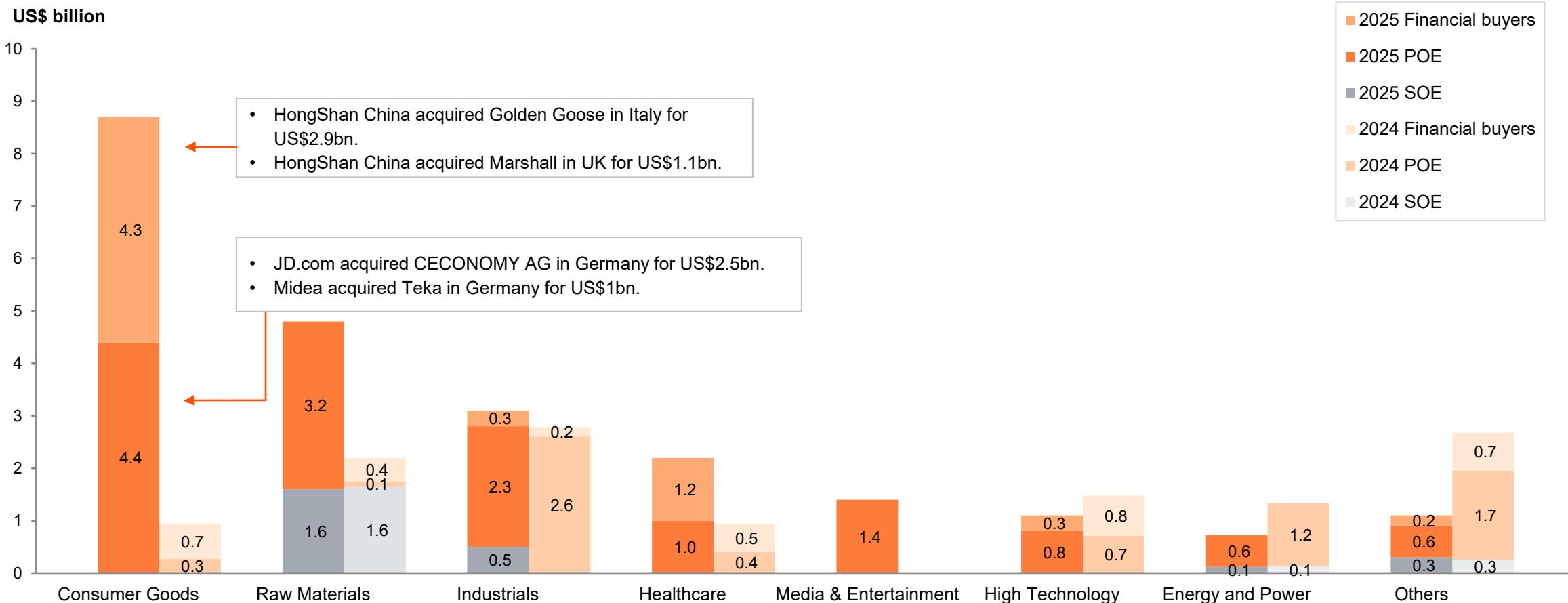
Chinese Mainland outbound deals by investor type - value and volume



Source: Refinitiv, CV Source and PwC analysis

In 2025, a total of 7 outbound mega-deals were announced, 4 of which were concentrated in the European consumer goods industry.

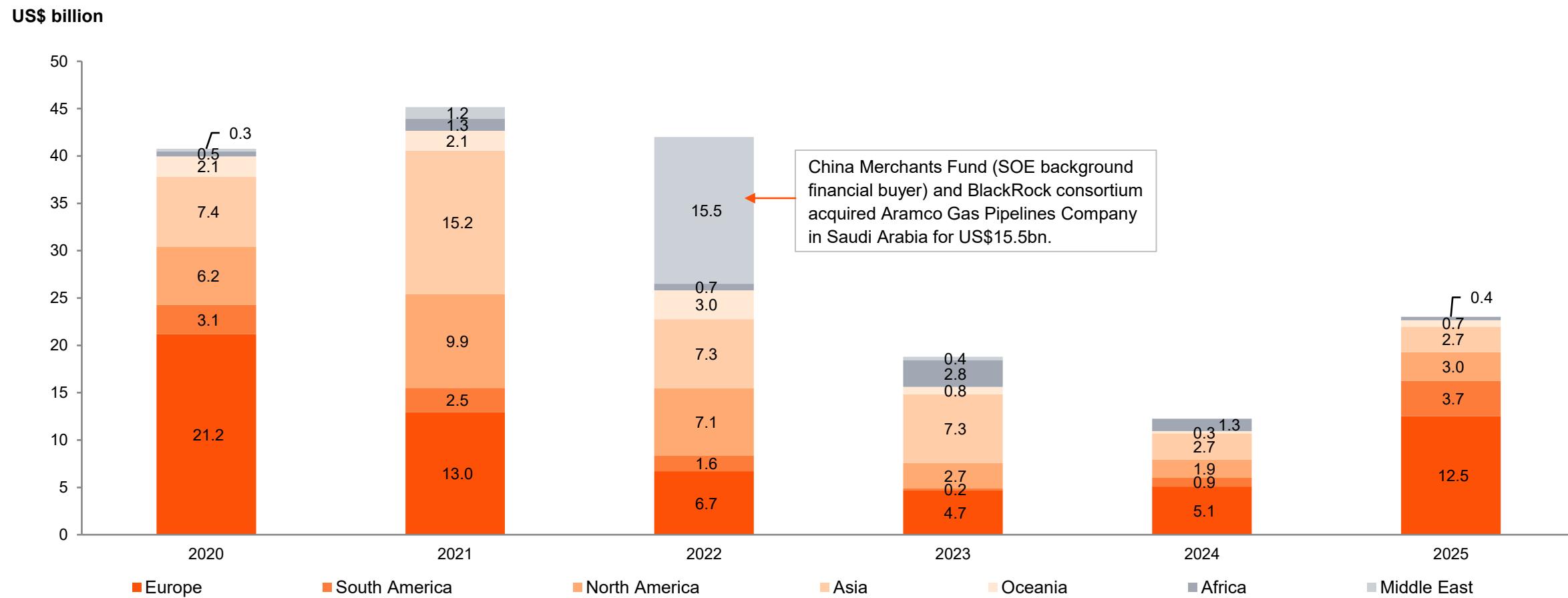
Chinese Mainland outbound deals by industry sector - value



Source: Refinitiv, CV Source and PwC analysis

In 2025, Europe remained the primary destination for outbound investment measured by deal value, solidifying its leading position.

Chinese Mainland outbound deals by region - value

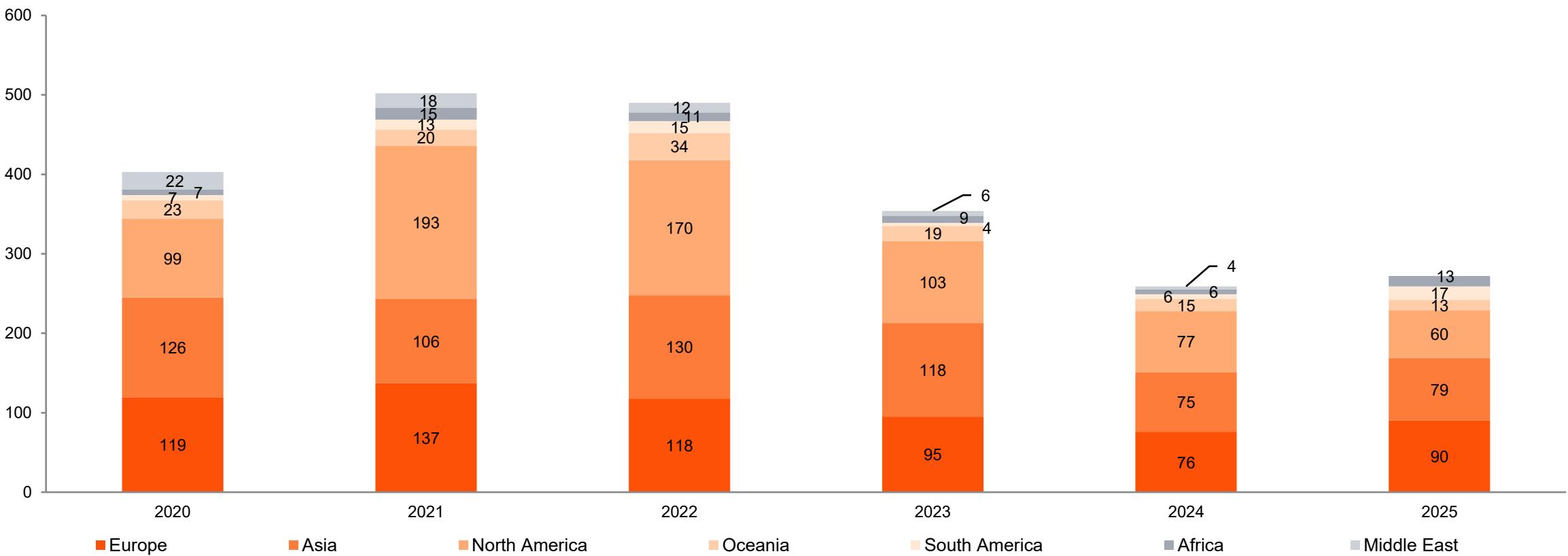


Source: Refinitiv, CV Source and PwC analysis

In 2025, Europe also continued to lead in deal volume, ranking ahead of Asia and North America.

Chinese Mainland outbound deals by region - volume

No.



Source: Refinitiv, CV Source and PwC analysis

Key Messages

5

Key Messages

China M&A in 2025 (1)

Overview

47%

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- In general, half-year deal volumes showed consistent improvement over the past 3 years, peaking at 6,973 transactions in 2H 2025. Deal values have been on a steady upswing since 1H 2024, signaling a sustained rebound.
- Full-year deal volume rose 19%, maintaining market vibrancy. Domestic and foreign strategic buyer deals increased 17% and 13% respectively, while PE and VC deals grew 14% and 21%. Chinese Mainland outbound M&A reached 272 transactions, representing a 5% year-on-year increase.
- In 2025, overall deal values were up 47% year-on-year, marking the market's first rebound in five years. This growth was driven primarily by domestic strategic deals, which surged 83% following the closure of several mega-deals. PE deal values rose 16%, while outbound deals—albeit from a small base—soared 88%.
- 2025 saw a strong comeback for mega-deals (>US\$1bn) with 55 deals finalized—a substantial increase from 39 in 2024. Among these, 34 were domestic strategic deals, over half of which were driven by SOEs. The sector breakdown demonstrates a diversified trend, led by high technology (11 deals), raw materials (9), energy & power (8), with industrials and consumer products each contributing 7 deals.

Key Messages

China M&A in 2025 (2)

Strategic buyers

- Domestic strategic M&A witnessed a marked recovery in 2025, totaling 3,639 transactions valued at US\$239bn. Among these, 34 were mega-deals exceeding US\$1bn each—nearly double the 18 recorded in 2024. Key drivers included recovering capital market valuations, a rebound in the IPO market, accelerated tech innovation, deeper industry consolidation and heightened exit needs among financial investors. Ongoing policy support for M&A, particularly for major deals, provided further momentum. In contrast, strategic inbound M&A remained subdued.
- 2025 saw accelerated domestic industry consolidation, as several leading securities firms in the financial sector finalized their strategic deals. Backed by policy support for strategic industries including semiconductors, AI, computing infrastructure, and new energy, the High Technology and Energy and Power sectors witnessed acceleration in horizontal integration and collaboration along the industry chain, triggering a wave of mega-deals.
- In 2025, the Industrials and High Technology sectors continued to be the most favorable M&A markets for corporate buyers. Frontier segments such as new energy vehicles, industrial upgrading, and generative AI infused strong momentum into the market. Meanwhile, consolidation in the financial sector intensified, characterized by major mergers led by top institutions and active restructuring and realignment among small and medium-sized entities.



Key Messages

China M&A in 2025 (3)

PE/VC and financial buyers deals

- The number of newly established funds hit a record high in 2025. While PE fundraising saw a slight pro-rata decline compared to 2024, activity in both years remained elevated compared to the preceding 9-year period. The structural shift toward domestic RMB-denominated fundraising (vs offshore US\$) remained clearly evident.
- In 2025, PE/financial buyer deal volume and value rose 14% and 16% year-on-year, respectively. While activity remained below the 2020–2022 peak, their market participation showed a continued recovery. Throughout the year, 14 mega-deals were closed—compared to 16 in 2024—with 8 of these spearheaded by state-backed funds.
- In 2025, high-tech, industrial products and healthcare emerged as the three top sectors for financial buyers, reflecting a close alignment with national policy priorities. Within these sectors, 14 mega-deals were recorded, led by energy (4 deals) and power and high-tech (3 deals).

- VC deal volume reached a record high of 7,382 in 2025, driven by significant investment in emerging technologies such as AI, AI-enabled applications and robotics. The sector continued to focus on nurturing deep-tech start-ups, serving as a key catalyst for industrial chain advancement. High-tech, industrial products and healthcare remained the hotspots, accounting for 75% of total deal volume. The high-tech sector dominated, securing a 42% share with more than 3,000 deals.
- PE exit activity was robust in 2025, as sponsors capitalized on improving economic conditions, favorable sentiment and rising valuations. Trade sales accounted for the majority of exits, while PE-backed IPO activity remained subdued in the Chinese mainland—despite improvements in Hong Kong (see next page). The remainder consisted largely of peer-to-peer secondary sales (i.e., PE-PE secondary). It is worth noting that these announced deal figures do not yet reflect a number of additional sale processes currently in preparation.
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Key Messages

China M&A in 2025 (4)



Chinese Mainland outbound deals

- Chinese mainland outbound M&A activity showed signs of recovery in 2025, with 272 deals announced, representing a 5% year-on-year increase. Total deal value reached US\$23bn, surging 88% from the prior year. While the overall scale remained low, the rebound momentum was notable. The number of mega-deals grew to 7 (from just 3 in 2024), 4 of which were in the European consumer goods sector. This trend reflects growing domestic consumer demand for high-quality imports, facilitated by the sector's relatively low geopolitical sensitivity and favorable regulatory environment.
- In 2025, POEs remained the most active players in outbound M&A for the third consecutive year, surpassing SOEs and financial buyers in both participation levels and investment scale.
- In 2025, a total of 7 outbound mega-deals were announced, 4 of which were concentrated in the European consumer goods industry.
- In 2025, Europe remained the primary destination for outbound investment measured by deal value, solidifying its leading position. Europe also continued to lead in deal volume, ranking ahead of Asia and North America.

Outlook

6

China M&A outlook in 2026



Challenges

- Some major uncertainties, in particular relating to trade and geopolitics
- Tight supply of high-quality targets in the market, driving sustained increases in valuations for scarce assets

Positive Factors

- Signs of economic recovery in capital market, with Hong Kong market performing particularly strongly, including rising stock market valuations and the Global No.1 fund raising scale, injecting confidence into the market and expanding exit opportunities
- Rmb-denominated funds, industrial capital and insurance funds, collectively forming a robust domestic capital supply
- Ongoing backlog of PE exits
- Accelerating industrial upgrading and intensifying competition across multiple sectors, driving large-scale, high-certainty industry consolidation
- Leading A-share companies expecting further easing of the refinancing environment, stimulating their enthusiasm in M&A deals
- MNCs reassessing their business strategies and structures in China, potentially bringing more deal activities

Expected Growth Areas

- Ongoing SOE reform and further advanced integration of listed companies
- Increasingly active PE exits
- Growing outbound investment demand, especially into Southeast Asia and Europe, reinforcing supply-chain and global competitiveness
- Emerging key sectors spanning high-tech (semiconductors, AI), industrial goods (representing new quality productive forces), new energy, biotechnology and pharmaceuticals, and consumer goods

The market is expected to see growth in both overall deal value and volume by 2026.

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 deals 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
- Rumoured 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)

