

Institutional Research Group



**Melanie Tng**  
Research Analyst,  
APAC Private Capital  
melanie.tng@pitchbook.com

**Adi George**  
Data Analyst

pbinstitutionalresearch@pitchbook.com

Published on May 15, 2026

**Contents**

Key takeaways	1
Introduction	2
Capital formation in China's AI market remains resilient but increasingly selective	2
Capital is concentrating in enterprise software, hardware systems, and semiconductors	8
China's AI VC market is increasingly shaped by domestic and strategic investors	12
Exit activity is recovering, but liquidity remains selective and domestically anchored	14
Conclusion	17
References	18

# Where Capital Is Flowing in China's AI Market

From broad investment to targeted concentration

PitchBook is a Morningstar company providing the most comprehensive, most accurate, and hard-to-find data for professionals doing business in the private markets.

## Key takeaways

- AI continues to outperform within China's broader VC slowdown, but capital deployment is becoming more selective. While overall venture activity remains below 2021 peaks, AI accounts for a growing share of total VC investment, with funding increasingly concentrated in fewer, larger, and later-stage transactions.
- China's AI investment landscape is shifting toward infrastructure and enterprise deployment. VC is increasingly flowing into business & productivity software, compute hardware, and semiconductors, reflecting stronger demand for scalable enterprise applications and AI infrastructure rather than consumer-facing experimentation.
- Semiconductors and compute infrastructure have become central strategic priorities. Rising investment in AI chips and hardware systems reflects both the growing importance of domestic compute capacity and broader efforts to strengthen technological self-sufficiency amid geopolitical and supply chain constraints.
- The investor base is becoming more domestically anchored and strategically driven. VC remains important, but corporates, CVCs, and government-linked investors are playing a larger role in supporting capital-intensive and strategically aligned AI segments, while nondomestic participation remains comparatively limited.
- Exit pathways remain viable, though liquidity conditions are more constrained and regionalized. Public listings continue to account for most of the exit value, with Hong Kong emerging as the dominant listing venue, while longer time-to-exit trends reflect the increasing scale, complexity, and capital intensity of AI businesses in China.



## Introduction

[PitchBook's prior analyst notes](#) on AI venture activity in Asia-Pacific (APAC) examined deal flows throughout the region and the specialization of individual markets across the AI value chain. In both analyses, China consistently emerged as the dominant force in regional AI investment by deal value, supported by its scale, industrial depth, and sustained policy focus on strategic technologies.

This note builds on that foundation by focusing specifically on China, examining how capital is being deployed within its AI ecosystem, the investor dynamics shaping that deployment, and the implications for institutional investors assessing exposure to the market.

China's AI venture landscape is evolving under a more constrained and complex set of conditions than in prior cycles. Slower domestic growth, tighter global liquidity, and ongoing geopolitical tensions—particularly around technology access and cross-border capital flows—are reshaping both the availability of capital and the sectors in which it is allocated. At the same time, national priorities around technological self-sufficiency and industrial upgrading continue to anchor investment in areas such as semiconductors, advanced hardware, and enterprise AI.

Against this backdrop, China's AI venture market is becoming more selective. Capital is increasingly concentrated in a narrower set of segments aligned with national goals and later-stage companies, while nondomestic participation has declined and domestic investors, including corporates and state-linked funds, play a more central role in sustaining deal activity.

This note answers the following question: How is China's AI venture market evolving under tightening capital conditions and geopolitical constraints, and where is capital concentrating as a result?

## Capital formation in China's AI market remains resilient but increasingly selective

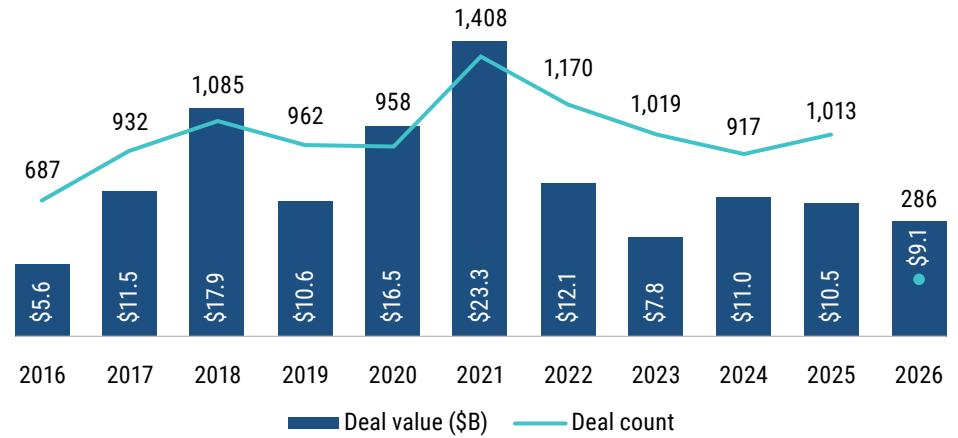
AI investment in China has remained comparatively resilient despite a broader slowdown in VC activity. While total VC deal value has declined sharply from its 2021 peak, AI-related investment has held up in relative terms and continues to account for a growing share of overall venture deployment. By 2024, AI represented 20.5% of total VC deal value in China, up from 11.7% in 2023; it remained elevated at 19.6% in 2025.

This resilience, however, masks a structural shift in how capital is being committed. In absolute terms, China's AI deal value peaked at \$23.3 billion in 2021 before declining to \$7.8 billion in 2023, followed by a modest recovery to around \$10 billion to \$11 billion in 2024 and 2025. Deal count followed a similar trajectory, falling from a high of 1,408 deals in 2021 to 917 in 2024, before stabilizing at just over 1,000 deals in 2025.



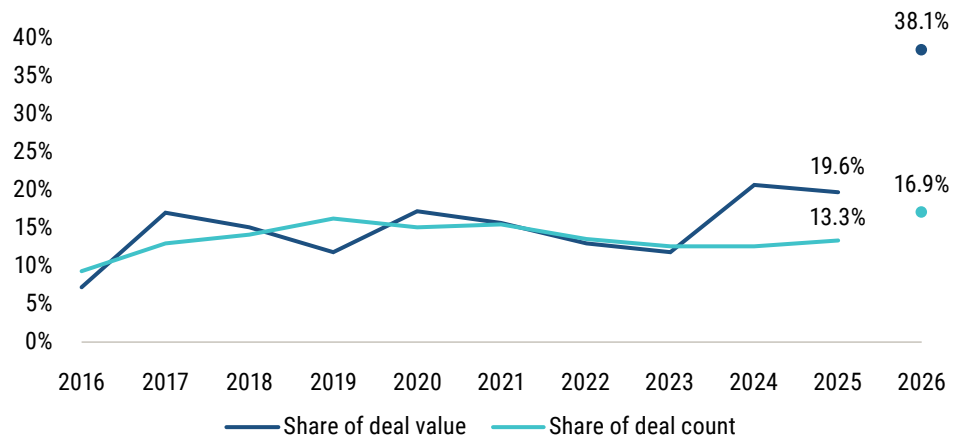
These trends point to a market that has moved past cyclical contraction and into a phase of stabilization, albeit at lower levels of activity. This trajectory also contrasts with developments in the US, where AI deal value has continued to scale, supported by large financings for foundation-model developers. The divergence highlights a widening gap between China's more constrained capital environment and the continued expansion of US-led AI investment.

### AI VC deal activity



Source: PitchBook • Geography: China • As of April 12, 2026

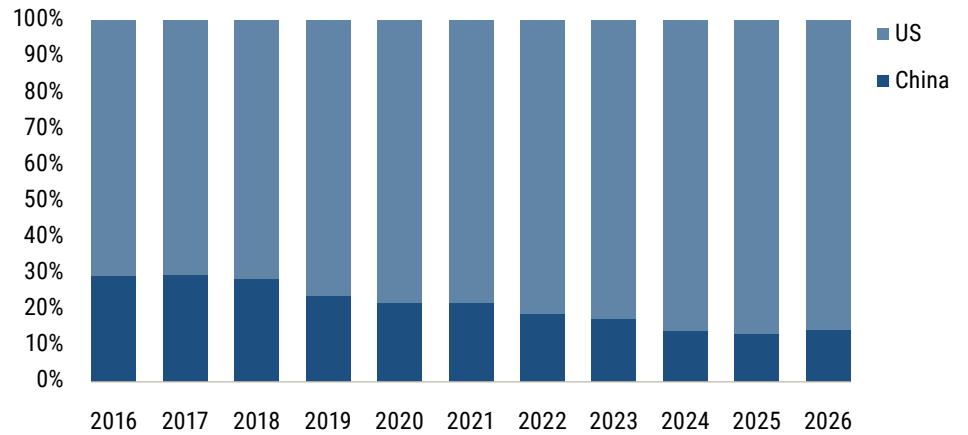
### AI VC deal activity as a share of all VC deal activity



Source: PitchBook • Geography: China • As of April 12, 2026

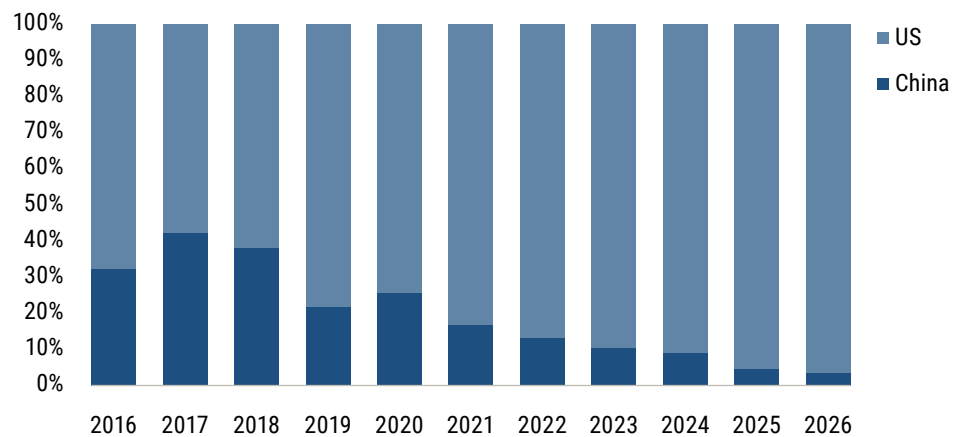


### Share of AI deal count by country



Source: PitchBook • Geography: China • As of April 12, 2026

### Share of AI deal value by country

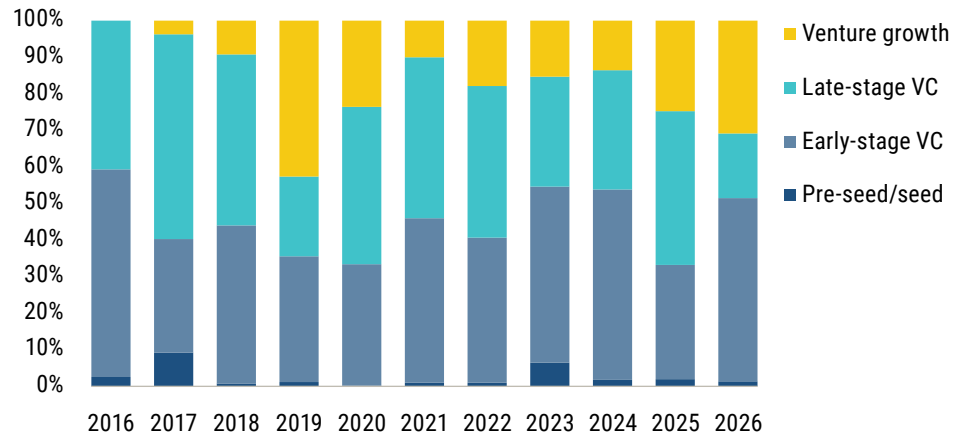


Source: PitchBook • Geography: China • As of April 12, 2026

More notably, the composition of deal activity has shifted toward greater selectivity. Early-stage VC continues to account for the largest share of deal count, but its relative weight has declined over time; meanwhile, late-stage and growth financings have become more prominent in value terms. In 2021, early-stage deals accounted for \$10.4 billion of total AI investment, but this fell to \$3.3 billion in 2025, suggesting a more challenging environment for Series A and Series B progression. By contrast, late-stage and venture-growth rounds have remained comparatively resilient, with growth-stage deal value rising to \$2.6 billion in 2025, signaling continued investor support for companies that have already achieved scale or strategic relevance.

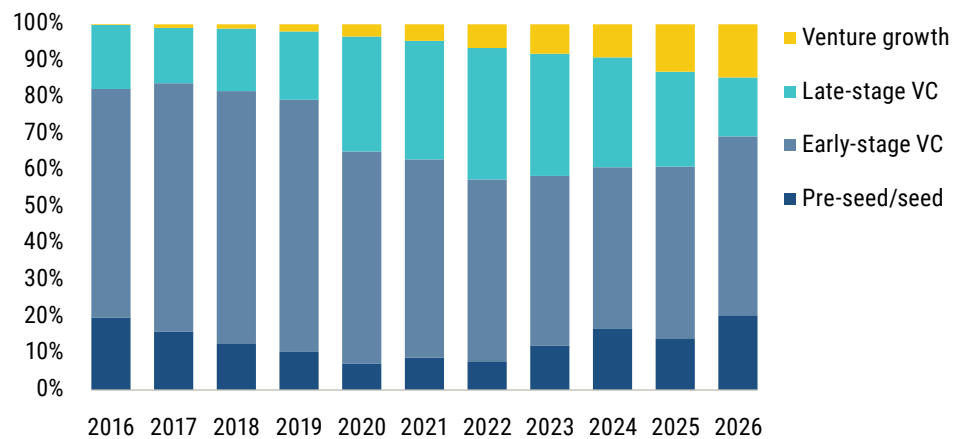


### Share of AI VC deal value by stage



Source: PitchBook • Geography: China • As of April 12, 2026

### Share of AI VC deal count by stage

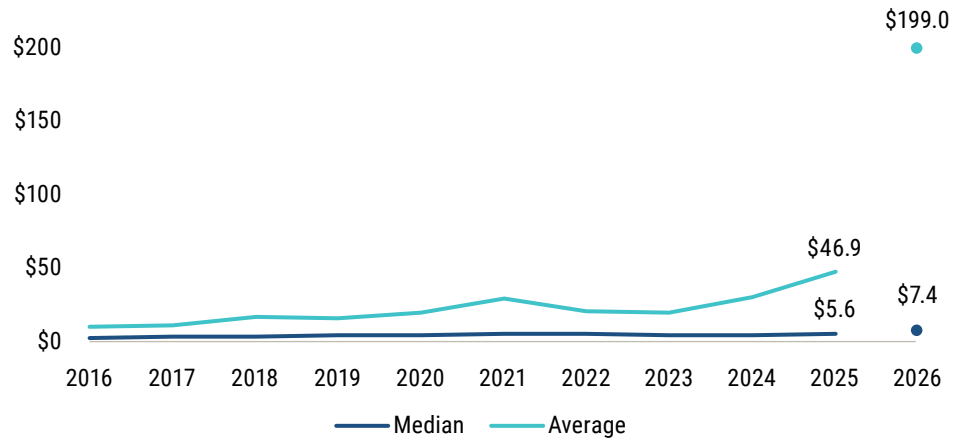


Source: PitchBook • Geography: China • As of April 12, 2026

Deal size data reinforces this shift toward concentration. The median AI VC deal size increased from \$4 million in 2020 to \$5.6 million in 2025 and has reached \$7.4 million in 2026 thus far, indicating that capital is progressively directed toward fewer, larger transactions. This trend is even more pronounced in capital-intensive segments: Median deal sizes in semiconductors rose to \$35 million in 2025 and surged further in 2026, while hardware-related deals also expanded significantly, reflecting the higher funding requirements and strategic importance of these sectors.

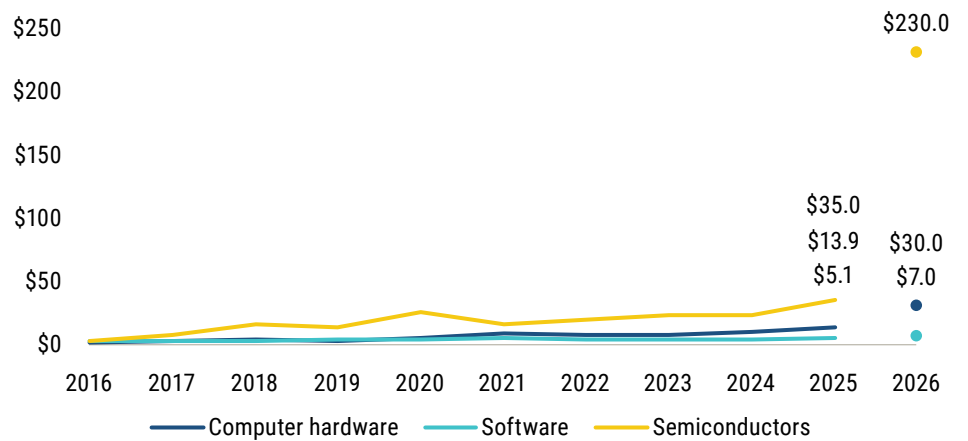


### Median and average AI VC deal value (\$M)



Source: PitchBook • Geography: China • As of April 12, 2026

### Median AI deal value (\$M) by industry group



Source: PitchBook • Geography: China • As of April 12, 2026

At the top end of the market, a growing share of capital is being absorbed by a small number of large financings. In recent years, there have been multiple rounds of \$500 million to \$2 billion-plus across AI model developers, semiconductor firms, and enterprise platforms, including companies such as Moonshot AI, DeepSeek, and Moore Threads. These transactions highlight a clear shift toward backing scaled platforms and national champions rather than broad-based early-stage experimentation.

Taken together, these dynamics suggest that China's AI venture market is not contracting but becoming more disciplined. Capital is flowing less evenly across the ecosystem and instead concentrating in late-stage companies, larger transactions, and sectors aligned with national priorities. This evolving structure sets the stage for a deeper examination of where, within the AI value chain, capital is ultimately being deployed.



## Top AI deals since 2023

Company	Close date	Deal value (\$M)	Post-money valuation (\$M)	Deal type	Description
Rokid	January 28, 2026	\$2,000.0	N/A	Late-stage VC	Developer of AI, augmented reality tech gadgets, and robotics software, aiming to deliver superior industrial design and a superlative user experience across a multitude of industries.
AVATR Technology	December 17, 2024	\$1,529.8	\$4,134.2	Late-stage VC	Manufacturer of intelligent electric vehicles designed for sustainable mobility.
Moonshot AI	February 19, 2024	\$1,000.0	\$2,500.0	Early-stage VC	Developer of an AI model designed to serve the artificial general intelligence (AGI) industry.
Earendil Labs	March 23, 2026	\$787.0	N/A	Early-stage VC	Developer of an AI scientific computing platform intended for biotechnology firms, pharmaceutical companies, and research institutions.
Moore Threads	February 25, 2025	\$720.4	\$4,115.5	Late-stage VC	Developer of graphics processing units (GPU) technology designed to enable visual computing, AI, and high-performance computing applications.
Moonshot AI	January 20, 2026	\$700.0	\$10,000.0	Late-stage VC	Developer of an AI model designed to serve the AGI industry.
DeepSeek	August 14, 2025	\$700.0	N/A	Late-stage VC	Developer of an open-source large language model designed for AI.
Baichuan AI	July 24, 2024	\$688.5	\$2,754.0	Early-stage VC	Developer of large-scale language AI models and intelligent applications intended for enterprises, developers, and research institutions.
MiniMax AI	March 15, 2024	\$654.0	\$2,554.0	Early-stage VC	Developer of AI large-scale model technology designed to promote social connections and interaction.
StepFun	January 6, 2026	\$567.0	N/A	Early-stage VC	Developer and provider of AI large model solutions designed for advancing AGI through unified multimodal understanding and generation.

Source: PitchBook • Geography: China • As of April 12, 2026



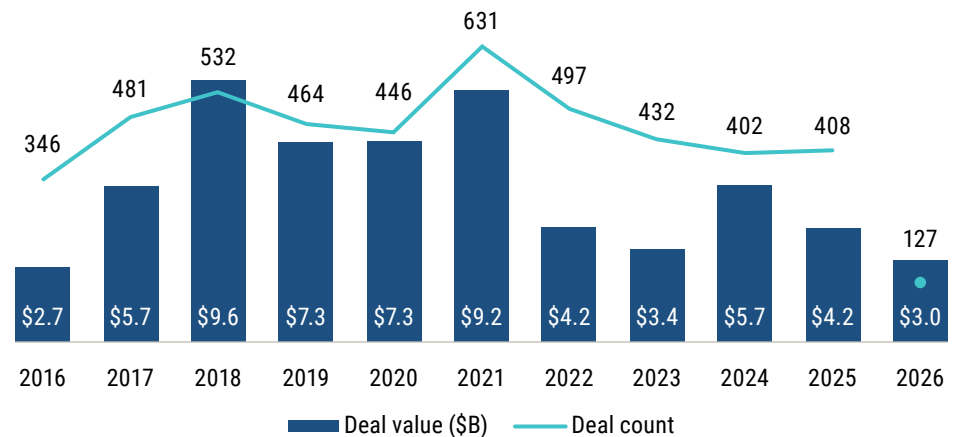
## Capital is concentrating in enterprise software, hardware systems, and semiconductors

To understand where capital is concentrating, it is useful to examine China's AI ecosystem through a value chain lens. As outlined in our prior analysis of [APAC AI investment](#), capital tends to organize around three layers: enabling infrastructure, applied enterprise deployment, and downstream applications. In China, this structure is particularly pronounced, with investment progressively concentrated in the upstream and middle layers of the stack (namely enterprise software, hardware systems, and semiconductors) while downstream, consumer-oriented applications receive comparatively limited capital. This is consistent with China's broader AI positioning. The country leads globally in AI publications, patents, and industrial robot deployment, reflecting a strong emphasis on scaling technical capability and industrial adoption.<sup>1</sup>

Within software, AI investment is increasingly pooled in enterprise-oriented segments rather than consumer-facing applications. In 2025, China recorded over \$4.2 billion in AI software deal value across more than 400 transactions. Activity heavily skewed toward business & productivity software, which reached \$5.1 billion in 2024 before moderating in 2025, illustrating its role as the primary commercialization layer for AI across industries.

Other enterprise-linked categories, including automation & workflow software, also attract steady investment, signaling demand for AI-driven efficiency gains across corporate operations. By contrast, consumer- and platform-oriented categories have seen a sustained decline. Social & platform software, which accounted for a meaningful share of deal value prior to 2020, has largely disappeared from the investment landscape in recent years. This shift underscores a broader transition from consumer-led AI experimentation to enterprise deployment, where adoption is driven by integration into existing systems and clearer monetization pathways.

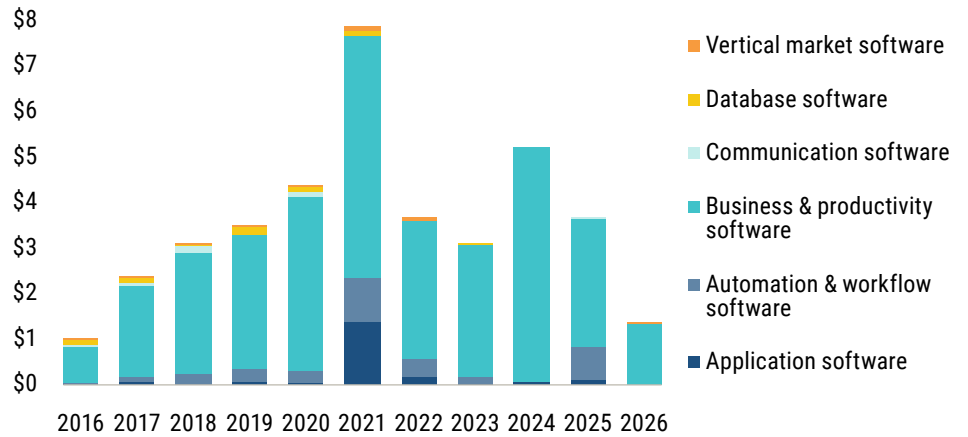
### AI software VC deal activity



Source: PitchBook • Geography: China • As of April 12, 2026

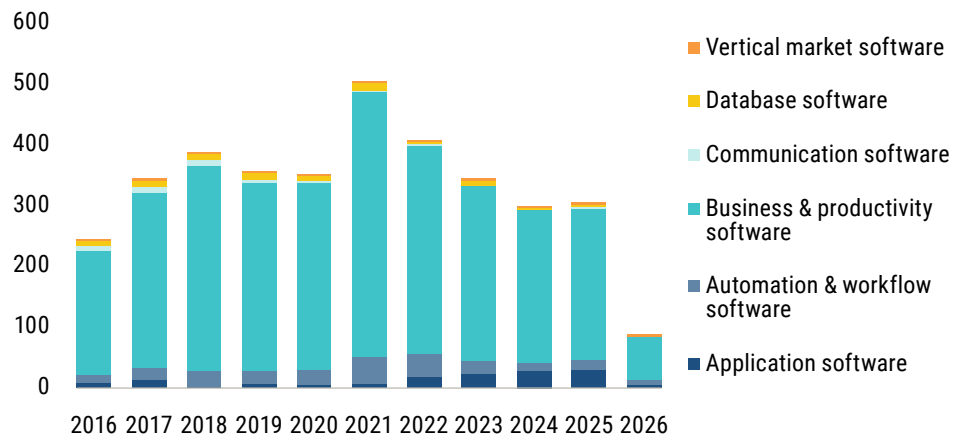


### AI software VC deal value (\$B) by select subsegment



Source: PitchBook • Geography: China • As of April 12, 2026

### AI software VC deal count by select subsegment



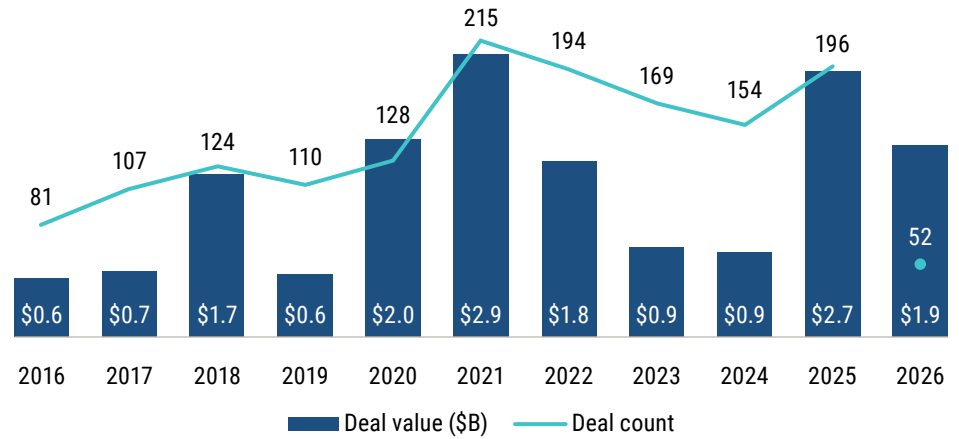
Source: PitchBook • Geography: China • As of April 12, 2026

Hardware investment further reinforces this concentration toward the physical infrastructure of AI. China's AI-related computer hardware deal value reached \$2.7 billion in 2025, up from \$0.9 billion in 2024, with deal activity dominated by computers, parts & peripherals, which accounts for the majority of both value and volume. These categories are closely tied to AI compute infrastructure, including servers, accelerators, and edge devices, illustrating China's broader manufacturing and supply chain capabilities.

Compared with software, hardware investment is more capital-intensive and more narrowly concentrated, with relatively limited activity in peripheral categories such as storage or office electronics. This highlights how AI investment in China is increasingly focused on enabling large-scale model training and deployment, rather than supporting ancillary or consumer-facing technologies.

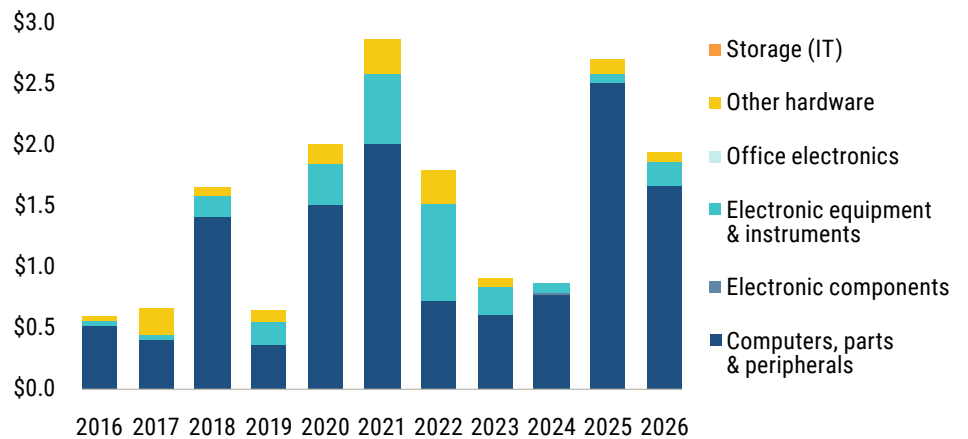


### AI computer hardware VC deal activity



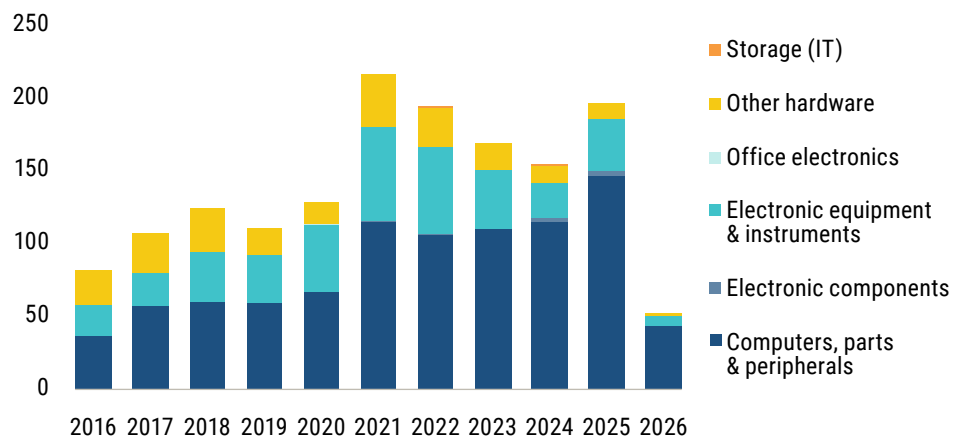
Source: PitchBook • Geography: China • As of April 12, 2026

### AI computer hardware VC deal value (\$B) by subsegment



Source: PitchBook • Geography: China • As of April 12, 2026

### AI computer hardware VC deal count by subsegment



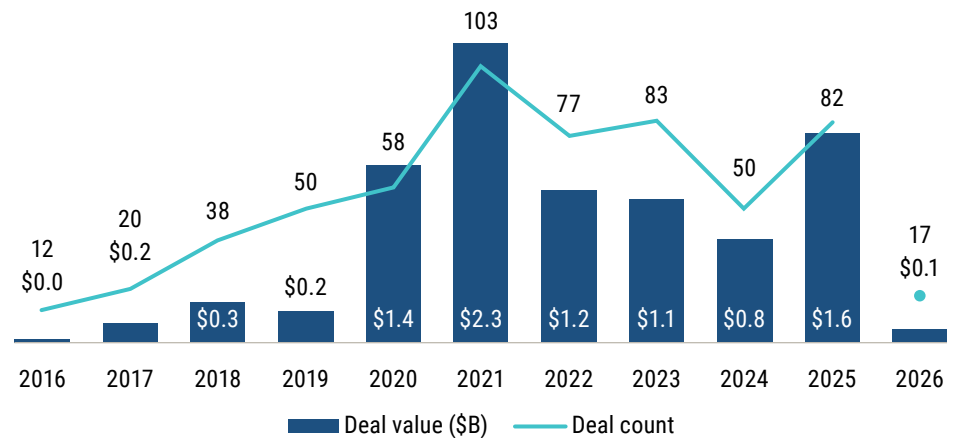
Source: PitchBook • Geography: China • As of April 12, 2026



Semiconductors represents the most strategically concentrated segment of China's AI venture market. Although smaller in absolute terms, semiconductor-related AI deal value reached \$1.6 billion in 2025—nearly doubling from \$0.8 billion in 2024—with most activity in application-specific semiconductors. These include AI accelerators and specialized chips designed for machine learning workloads, which are critical to advancing domestic compute capabilities.

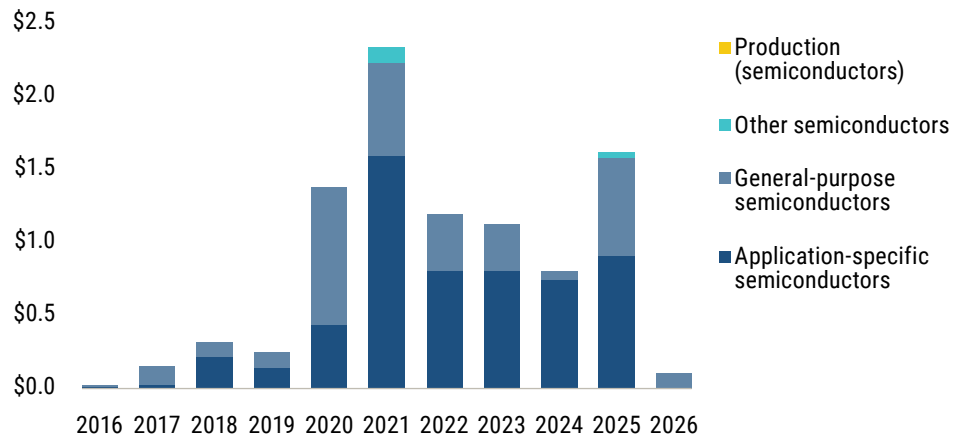
General-purpose semiconductors continues to attract investment at a smaller scale, while activity in production-related segments remains limited within venture funding. The dominance of application-specific chips reflects a targeted approach to capital deployment, where investment is directed toward closing key technological gaps and supporting national priorities around semiconductor self-sufficiency.

### AI semiconductors VC deal activity



Source: PitchBook • Geography: China • As of April 12, 2026

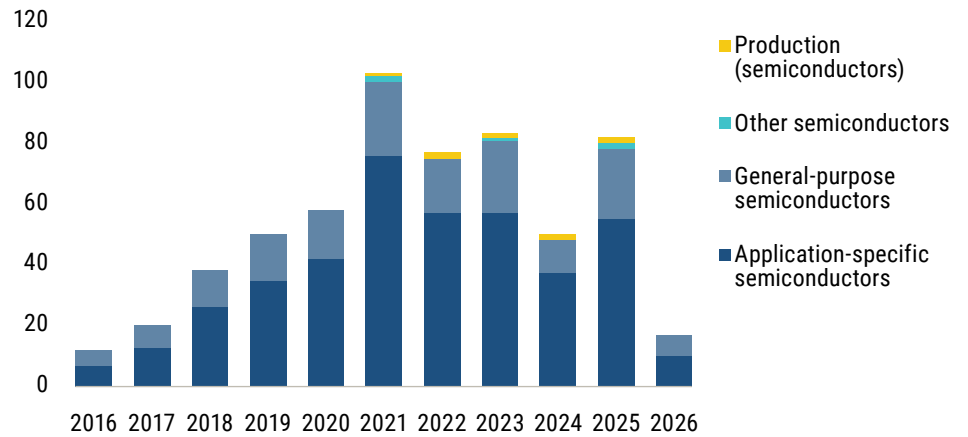
### AI semiconductors VC deal value (\$B) by subsegment



Source: PitchBook • Geography: China • As of April 12, 2026



### AI semiconductors VC deal count by subsegment



Source: PitchBook • Geography: China • As of April 12, 2026

These patterns indicate that China’s AI venture market is evolving into a more structured and hierarchical system. Capital is no longer broadly distributed across the ecosystem but concentrated in the layers that underpin AI capability and deployment: enterprise software, compute hardware, and semiconductors. This alignment reflects both commercial demand and policy direction, reinforcing China’s position as the most infrastructure- and industry-driven AI investment market in APAC.

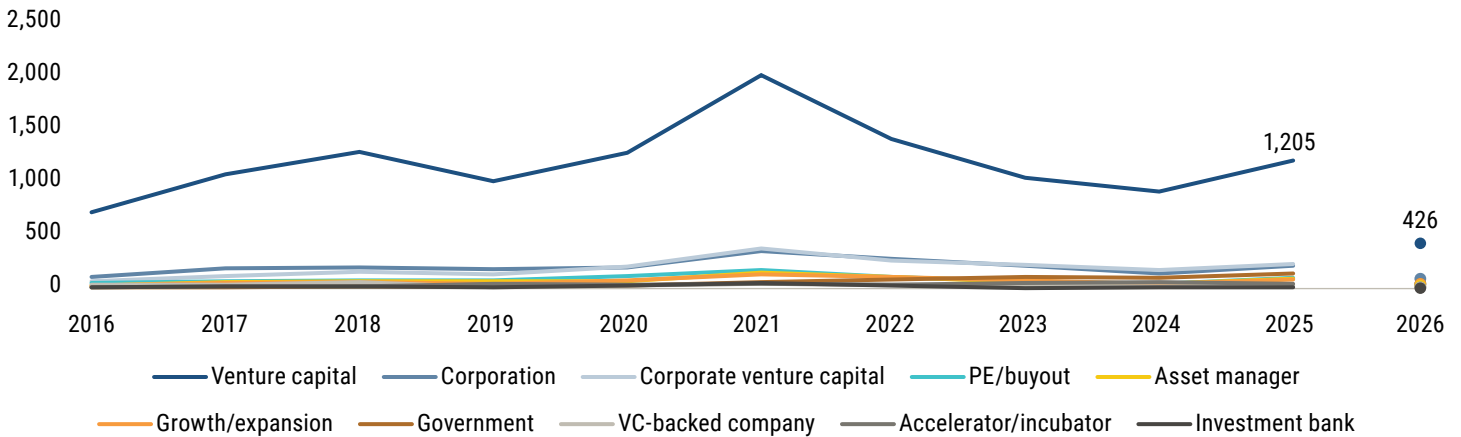
### China’s AI VC market is increasingly shaped by domestic and strategic investors

The concentration of capital across China’s AI value chain is closely linked to shifts in the investor base participating in the market. While VC firms continue to account for the largest share of deal activity, their role is increasingly complemented by corporate, state-linked, and other strategic investors.

Across the broader AI ecosystem, VC remains the dominant investor type by deal count, with more than 1,200 VC-backed deals recorded in 2025. However, nontraditional investors are playing a growing role. Corporate investors and corporate venture capital (CVC) collectively account for a significant share of participation, particularly in capital-intensive and strategically important segments. Government-linked investors have also expanded their presence over time, rising from fewer than 10 deals annually prior to 2018 to more than 140 deals in 2025, reflecting stronger policy alignment in AI investment.



## AI VC deal count by investor type



Source: PitchBook • Geography: China • As of April 12, 2026

In software, VC firms remain the primary drivers of deal activity, accounting for the majority of transactions across business & productivity software, automation, and other enterprise-focused categories. The relatively lower capital intensity and faster commercialization cycles of software continue to support a more traditional VC-led funding model, with corporate participation present but less dominant.

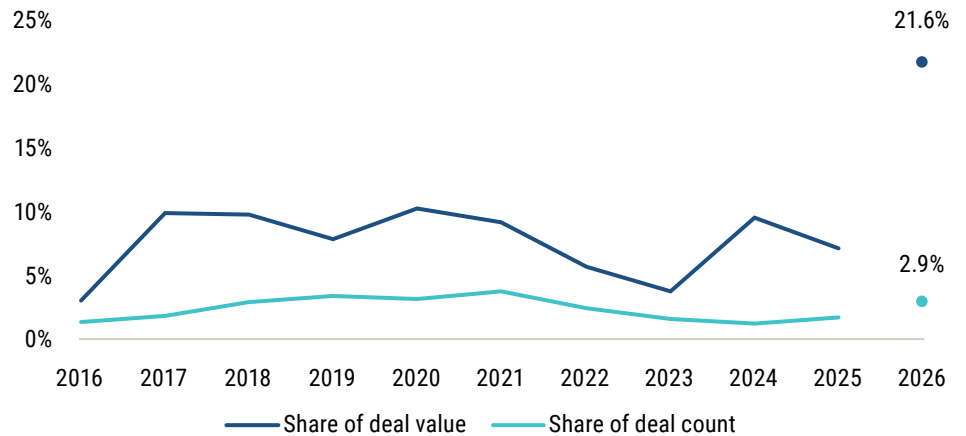
By contrast, hardware investment exhibits a more diversified investor base. While VC remains active, corporate investors and CVCs play a larger role, especially in late-stage financings. In 2025, hardware-related AI deals saw substantial participation from both corporates and government-linked investors, underscoring the capital-intensive nature of compute infrastructure and its close ties to industrial capabilities. This broader investor mix underscores how hardware investment is often driven not only by financial returns but also by strategic considerations, including supply chain positioning and technological capability building.

The shift is most evident in semiconductors. Although VC firms continue to participate, semiconductor-related AI investment shows disproportionately high involvement from corporates, CVCs, and government-backed entities relative to its size. Government participation, in particular, has increased meaningfully since 2021, aligning with national priorities around semiconductor self-sufficiency and domestic chip development. The presence of these investors highlights the extent to which semiconductor investment is shaped by policy and long-term objectives rather than purely market-driven considerations.

At the same time, nondomestic participation in China's AI venture market has declined in relative terms. Deals involving nondomestic investors accounted for about 9% to 10% of total deal value at their peak between 2018 and 2021, but this share fell to 3.7% in 2023 before partially recovering to 7.1% in 2025. By deal count, nondomestic involvement remains limited, consistently accounting for less than 3% of total transactions in recent years. This suggests that while cross-border capital has not disappeared, its role has become more selective and episodic.



### AI VC deal activity with nondomestic investor participation as a share of all AI VC deal activity



Source: PitchBook • Geography: China • As of April 12, 2026

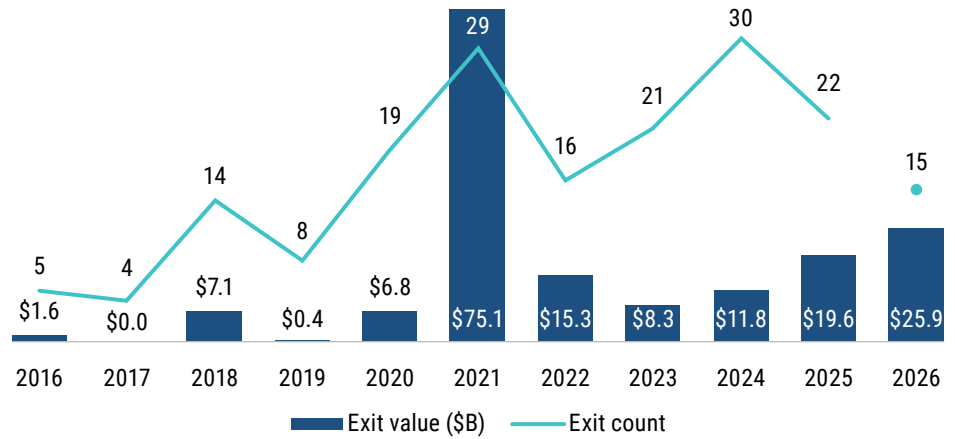
These trends point to a clear shift in the composition of capital supporting China’s AI ecosystem. While VC continues to underpin early-stage activity, late-stage and strategically important segments are increasingly driven by domestic, corporate, and state-linked investors. This evolving investor base reinforces the broader transition toward a more self-contained AI venture market, where capital deployment is shaped as much by national priorities and industrial policy as by traditional venture dynamics.

### Exit activity is recovering, but liquidity remains selective and domestically anchored

Exit activity in China’s AI ecosystem reflects a similar pattern to capital formation: a sharp post-2021 correction followed by a gradual recovery, but with more selective and uneven outcomes. After reaching a peak of \$75.1 billion in exit value in 2021—driven by large public listings—total exit value declined significantly in the subsequent years before rebounding in 2025 and 2026. Exit count has remained relatively stable by comparison, fluctuating between 15 and 30 transactions annually in recent years, indicating that while liquidity pathways remain active, the scale of realizations has normalized.



### AI VC exit activity

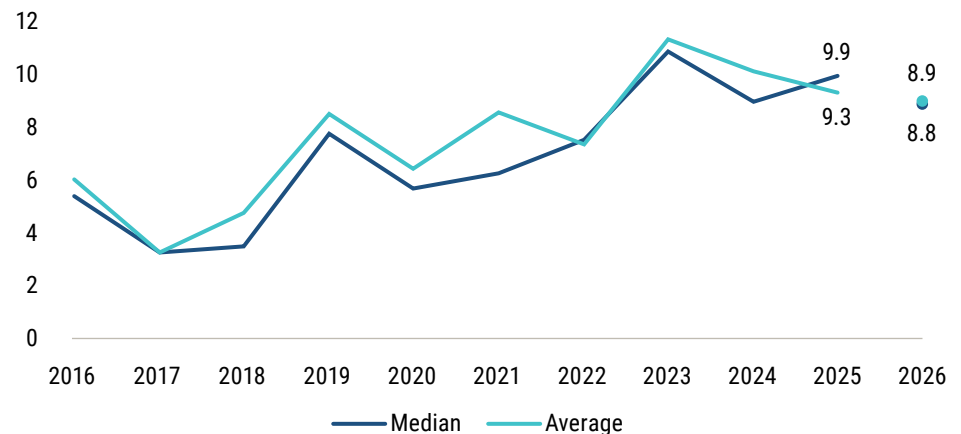


Source: PitchBook • Geography: China • As of April 12, 2026

This divergence between exit value and exit count suggests that China's AI exit market is broadening in participation but not deepening in terms of large-scale outcomes. More companies are reaching liquidity events, but relatively few are generating outsized returns, reinforcing a more discerning exit environment compared with the peak years of the venture cycle.

That said, the time required to reach exit has lengthened. Median time to exit increased from approximately five to six years in the late 2010s to nearly 10 years by 2025, reflecting the growing capital intensity and longer commercialization cycles associated with AI companies. This trend is particularly pronounced in hardware and semiconductor segments, where development timelines, regulatory considerations, and capital requirements extend the path to liquidity.

### Median and average time (years) to reach AI VC exit



Source: PitchBook • Geography: China • As of April 12, 2026



Public listings remain the primary driver of exit value, with domestic and regional exchanges playing a central role. The Hong Kong Stock Exchange (HKEX) has emerged as the dominant venue for AI-related listings, accounting for the majority of exit value in recent years, including \$12.4 billion in 2024 and \$9.5 billion in 2025, alongside continued activity into 2026. The January 2026 cluster illustrates the dynamic: Zhipu, MiniMax AI, Biren Technology, and Shanghai Iluvatar CoreX Semiconductor all listed on the HKEX within eight days of each other, raising a combined \$2.4 billion. This indicates a deliberate liquidity window that opened as Hong Kong streamlined listing approvals for technology companies, geopolitical pressure redirected Chinese firms away from US listings, and the Hang Seng China Enterprises Index recovered more than 50% from its 2024 lows. Meanwhile, the US listing route is not formally closed but is functionally narrow, with WeRide listing on Nasdaq in October 2024 but raising only \$120 million against a \$4.3 billion valuation. STAR Market exits for AI companies are effectively zero.

### Top AI VC exits since 2016

Company	Close date	Deal value (\$M)	Post-money valuation (\$M)	Deal type	Description
Kuaishou	February 5, 2021	\$6,169.5	\$61,685.7	IPO	Developer of a photo and video sharing and live-streaming platform designed to offer online media sharing services.
Kanzhun	June 11, 2021	\$1,048.8	\$7,735.9	IPO	Provider of an online recruitment platform designed to simplify the application process between employers and job seekers.
Zhipu	January 8, 2026	\$558.7	\$6,572.9	IPO	Developer of large-scale AI models and industry solutions intended for businesses in sectors such as finance, education, healthcare, and technology.
MiniMax AI	January 9, 2026	\$619.0	\$6,556.3	IPO	Developer of AI large-scale model technology designed to promote social connections and interaction.
Biren Technology	January 2, 2026	\$792.3	\$6,664.8	IPO	Designer and developer of intelligent processors intended for GPU and DSA computation architectures.
NIO	September 12, 2018	\$1,001.6	\$6,422.8	IPO	Manufacturer of smart electric vehicles based in Shanghai, China.
Linklogis	April 9, 2021	\$1,065.5	\$5,325.7	IPO	Developer of a financial service platform designed to establish a supply chain financial service platform and a credit financing platform for micro enterprises and small-sized companies.
Shanghai Iluvatar CoreX Semiconductor	January 8, 2026	\$472.5	\$4,252.6	IPO	Developer and manufacturer of general-purpose GPU chips and AI acceleration cards designed for large-scale model training and high-throughput inference applications.
WeRide	October 25, 2024	\$120.0	\$4,254.6	IPO	Manufacturer of fully autonomous vehicles intended to develop safe and reliable driverless solutions to make mobility and transportation safer, more affordable, and accessible.
ECARX	December 21, 2022	N/A	\$3,820.0	Reverse merger	Provider of automotive technology intended for next-generation smart vehicles with global operations.

Source: PitchBook • Geography: China • As of April 12, 2026



Overall, these dynamics point to an exit environment that is functional but constrained. Liquidity pathways remain intact, particularly through public markets, but outcomes are more selective, timelines are longer, and reliance on domestic and regional exchanges has expanded. For investors, this reinforces the importance of aligning capital deployment with sectors and companies that can achieve scale within these constraints, especially in infrastructure and enterprise-focused segments where exit visibility is comparatively stronger.

## Conclusion

China's AI venture market is entering a more disciplined phase, defined less by broad-based expansion and more by strategic concentration. While overall activity has moderated from prior peaks, AI continues to command a growing share of VC, underscoring its importance within a tighter and more discerning funding environment.

What distinguishes China's ecosystem is not simply the scale of investment, but how that capital is put to work. Funding is progressively concentrated in the layers of the AI value chain that support deployment at scale, including enterprise software, compute hardware, and semiconductors, reflecting both commercial demand and national priorities around technological self-sufficiency. At the same time, the investor base is shifting, with domestic, corporate, and state-linked capital playing a more central role as nondomestic participation becomes more constrained.

These dynamics are reshaping the structure of the market. VC remains critical to early-stage innovation, but the scaling of AI companies in China is increasingly anchored by strategic investors and aligned with industrial policy. Exit pathways remain viable but discerning, with longer timelines and a growing reliance on domestic and regional capital markets.

Looking ahead, China's AI venture ecosystem is likely to continue along this path of consolidation. Capital will remain focused on fewer, larger, and more strategically important opportunities, particularly in infrastructure and enterprise-facing segments. While this may limit the breadth of experimentation and cross-border capital flows, it also supports the development of a more self-contained and resilient AI ecosystem.



## References

- 1: ["China Leads in AI Publications, Patents: Stanford Report," People's Daily Online, April 14, 2026.](#)



# PitchBook provides actionable insights across the global capital markets.

## Additional research:



### 2026 Southeast Asia Private Capital Breakdown

Download the report [here](#)



### 2026 South Korea Private Capital Breakdown

Download the report [here](#)

[PitchBook Insights](#) is an online compendium of in-depth data, news, analysis, and perspectives that shape the private capital markets.

PitchBook subscribers enjoy exclusive access to a comprehensive suite of private market insights, including proprietary research, news, data, tools, and more on the [PitchBook Platform](#).

COPYRIGHT © 2026 by PitchBook Data, Inc. All rights reserved. No part of this publication may be reproduced in any form or by any means—graphic, electronic, or mechanical, including photocopying, recording, taping, and information storage and retrieval systems—without the express written permission of PitchBook Data, Inc. Contents are based on information from sources believed to be reliable, but accuracy and completeness cannot be guaranteed. Nothing herein should be construed as any past, current or future recommendation to buy or sell any security or an offer to sell, or a solicitation of an offer to buy any security. This material does not purport to contain all of the information that a prospective investor may wish to consider and is not to be relied upon as such or used in substitution for the exercise of independent judgment.

## Nizar Tarhuni

Executive Vice President of Research and Market Intelligence

## Paul Condra

Senior Director, Global Head of Private Markets Research

## Ansel Tan

Director, APAC Private Capital

---

## Report created by:

### Melanie Tng

Research Analyst, APAC Private Capital

### Adi George

Data Analyst

### Jenna O'Malley

Senior Graphic Designer

Learn more about [PitchBook's Institutional Research team](#).

Click [here](#) for PitchBook's report methodologies.