



2025 China CEO Outlook



毕马威中国研究院
KPMG CHINA RESEARCH CENTRE

Foreword

As the 14th Five Year Plan draws to a close in 2025 and the transition to the 15th begins, we are seeing the next stage of China's development start to take shape. At the same time, the global economy is searching for direction amid considerable change. Geopolitical tensions and protectionist policies continue to add to market volatility, while technological innovation and the energy transition are fundamentally reshaping the business landscape.

For Chinese enterprises, this means a mix of challenges and opportunities. Over the past year, we at KPMG have spent a lot of time talking with business leaders – hearing how they're reading these changes, what's topping their agendas, and how they're responding.

One theme that's really stood out this year is the growing gap between what we see at the macroeconomic level and how things feel on the ground for individual companies. Even with global growth slowing and external risks on the rise, China's economy has shown real resilience—enough to give many business leaders confidence in the country's long-term direction. But there's no denying that tougher domestic competition and a more complicated external environment are making it harder to deliver growth. That's prompting management teams to take a hard look at their strategies, leadership, and how they execute.

Business leaders need to possess both the capacity for systemic, long-term planning and the flexibility to respond to short-term uncertainties. We're seeing many companies double down on productivity and differentiation in the short term, while still keeping an eye on the future by investing in innovation, risk management, and building up their core strengths. At the same time, digital transformation is picking up pace, ESG is becoming more deeply woven into day-to-day operations, and global strategies are being reassessed.

When it comes to global expansion, the playbook is changing. Chinese enterprises are moving from simply taking part in global value chains to seeking greater ownership and control. We're seeing a shift away from traditional export-led models towards building manufacturing bases overseas and developing stronger local market capabilities. By working more closely with local partners and becoming part of regional ecosystems, companies are putting themselves in a better position to access resources, manage risk, and compete for the long haul.

Foreword

Artificial intelligence is another area where the pace of change is only accelerating. For many organisations, AI has moved well beyond the pilot stage and is now a core strategic priority. It's not just about efficiency anymore – AI is opening up new avenues for innovation and value creation. Of course, leaders are realistic about the challenges, whether it's investment, talent, or integrating AI across the business. What we're seeing is a balanced approach: building internal capabilities while also partnering externally to create AI strategies that are both scalable and sustainable.

ESG, too, is now firmly part of the strategic agenda. With a stable policy environment, Chinese companies are treating ESG as a source of resilience and long-term value, not just a compliance box to tick. Technology – and AI in particular – is playing a big role here, helping organisations boost transparency, sharpen decision-making, and deliver on their sustainability goals.

Periods of uncertainty reward clear thinking. Right now, business leaders in China have a real opportunity to get ahead of change, shape outcomes, and build organisations that are both resilient and ready for the future. We hope this report offers practical insights into the choices Chinese enterprises are facing today. At KPMG, we're committed to working alongside our clients – sharing our insights, perspectives, and experience – to help them navigate uncertainty and create sustainable value for the years ahead.



Jacky Zou
Chairman, KPMG China

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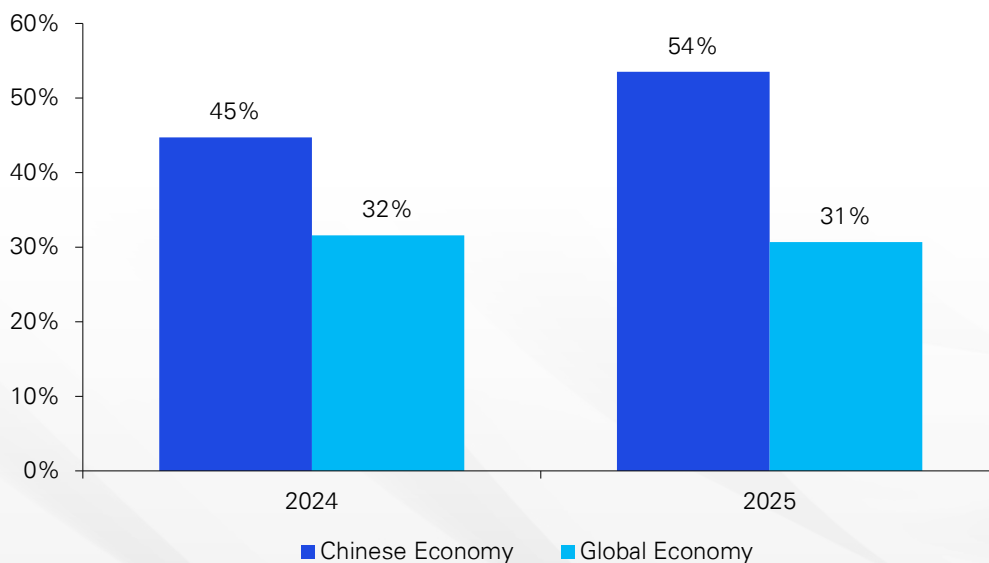
01

Economic Confidence improves, While Corporates Operating Pressures Persist

Short-term confidence in the Chinese economy rebounds

Since 2025, the global economy has faced a series of new and complex challenges. On the one hand, a new wave of technological revolution and industrial transformation, driven by AI, is reshaping economic structures and industry models, intensifying global technological competition. On the other hand, the international environment remains volatile: US tariff tensions have disrupted normal global trade, and frequent geopolitical conflicts have caused instability in global industrial and supply chains, which are undergoing accelerated restructuring. Amidst this heightened uncertainty, global economic growth is under increasing downward pressure. The International Monetary Fund (IMF), in its October World Economic Outlook, forecast that global growth will slow from 3.3% in 2024 to 3.2% in 2025, with growth in advanced economies slowing from 1.8% to 1.6%, and in emerging markets and developing economies from 4.3% to 4.2%. The KPMG 2025 China CEO Outlook survey similarly indicates a weakening of confidence in the global economy among Chinese business leaders. Among surveyed Chinese CEOs, 31% expressed confidence in global economic growth over the next year, slightly lower than the previous year's 32%, while the proportion lacking confidence rose to 23% from the previous year's 20% (Figure 1).

Figure 1 Share of Chinese CEOs' confident in the growth prospects of the Chinese economy and the global economy over the next year, %

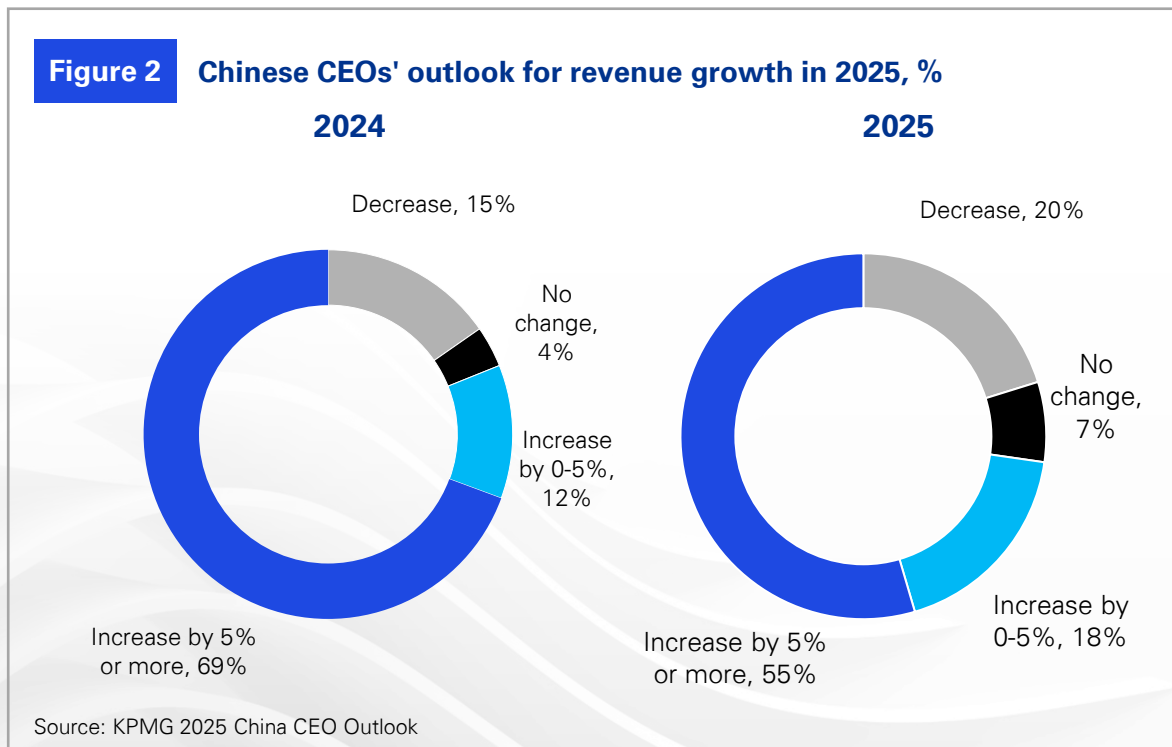


Source: KPMG 2025 China CEO Outlook

However, CEOs' confidence in the Chinese economy has rebounded significantly. In the first three quarters, amidst global trade friction headwinds, China's economy continued to advance steadily, with real GDP growing by 5.2% year-on-year, 0.4 percentage points higher than the same period the previous year. This achievement is attribute, firstly, to the ongoing implementation of China's diversified opening-up strategy and the increasing international competitiveness of high-tech products, with exports showing better-than-expected resilience. Secondly, new growth drivers have emerged domestically, with consumption and industrial upgrades progressing in tandem to inject momentum into the economy. This year, new consumption models such as emotional consumption and digital consumption have soared, becoming new growth engines for expanding domestic demand. Meanwhile, strategic emerging industries such as AI, new energy, and biotechnology are flourishing, accelerating the development of new quality productive forces. These factors have collectively bolstered CEOs' optimistic expectations for China's economic outlook. The survey shows that 54% of Chinese CEOs are confident in China's economic growth over the next year, an increase of 9 percentage points from the previous year.

Operating expectations remain under pressure

Although China's economic landscape has demonstrated strong resilience and dynamism, the current complex and volatile internal and external environment, combined with increasingly intense market competition, continue to exert significant pressure on companies' short-term production and operations, resulting in a disconnect between expectations based on macro-indicators and micro-level sentiment. The survey indeed indicates that Chinese CEOs' expectations for short-term revenue growth have declined. 73% of CEOs expect positive revenue growth in 2025, down from 81% the previous year; the proportion of CEOs expecting revenue growth of 5% or more is 55%, down from 69% the previous year. Meanwhile, 20% of CEOs anticipate a decline in revenue in 2025, up from 15% the previous year (Figure 2).

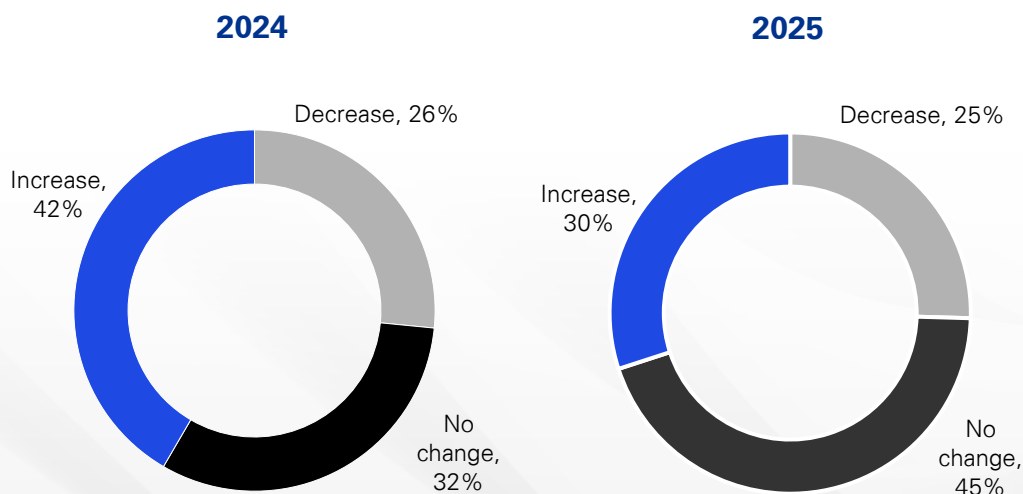


By sector, expectations for business operations in emerging industries versus traditional growth areas diverge markedly. Companies in the life sciences and technology sectors are the most optimistic regarding revenue growth. In life sciences, this optimism reflects the rapid increase in demand for innovative drugs driven by an aging population and rising public health awareness. In technology, it is underpinned by the robust development of AI and the digital economy.

In contrast to emerging industries, certain traditional sectors are under further revenue pressure due to overcapacity and subdued demand. Specifically, the proportion of CEOs in industrial manufacturing and consumer retail expecting negative revenue growth in 2025 stands at 13% and 29% respectively, up from 9% and 10% the previous year. This trend reflects the impact of heightened supply chain risks, "involutionary" competition, and persistent low prices. Furthermore, the real estate market remains in a period of significant adjustment, with its path to stabilisation still uncertain. Consequently, the real estate and construction sector now exhibits the weakest expectations, with 43% of CEOs predicting negative revenue growth in 2025, substantially higher than in other sectors.

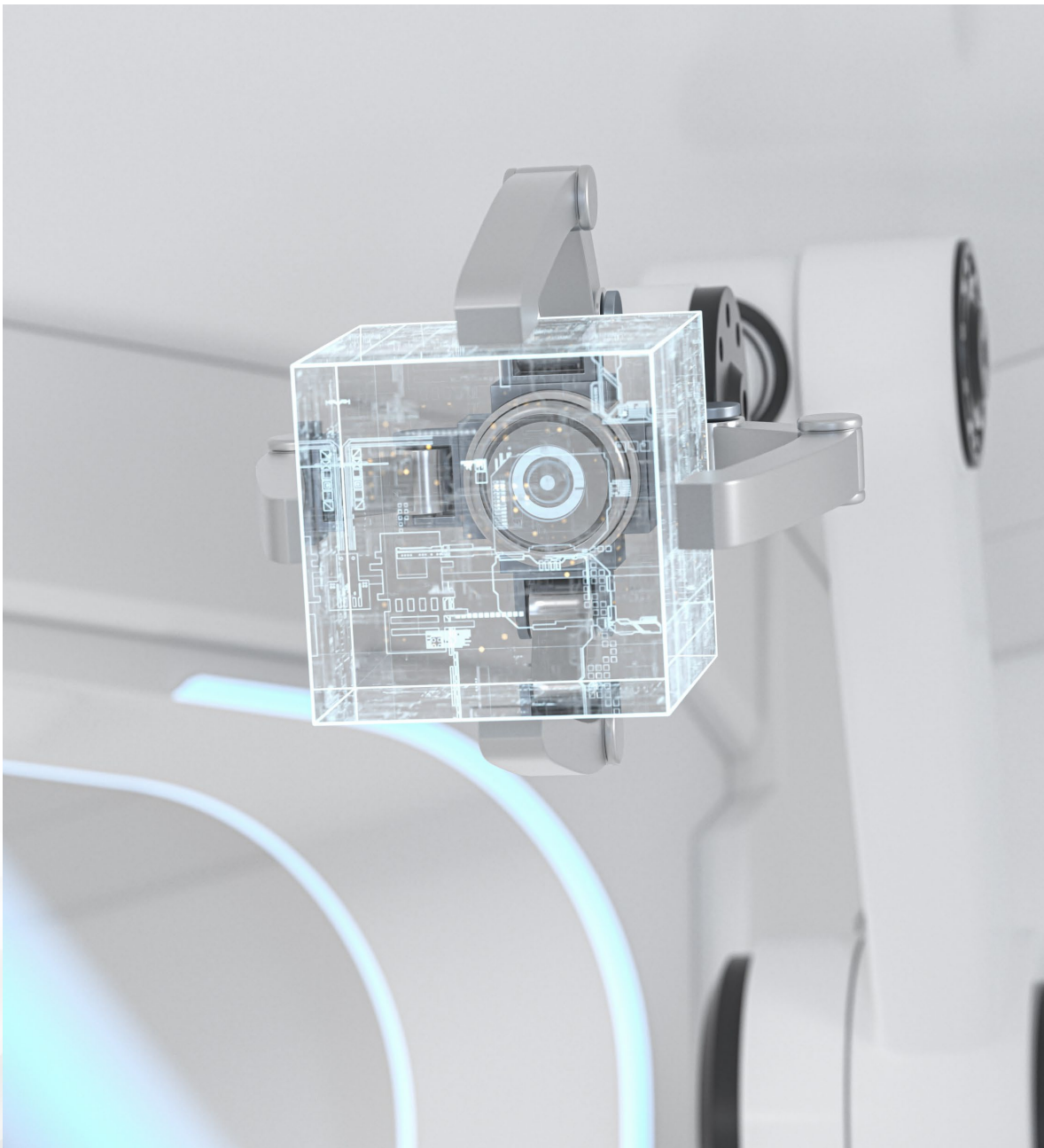
Weakening operational expectations have prompted companies to adopt more cautious human resource strategies. 30% of surveyed companies planned to expand recruitment in 2025, down from 42% the previous year, while 70% of companies indicate they will maintain current staffing levels or implement appropriate reductions—an increase of 12 percentage points compared to the previous year (Figure 3). Macro data corroborates this trend: from January to September 2025, the average surveyed urban unemployment rate was 5.2%, higher than the previous year's 5.1%; the cumulative number of employees in industrial enterprises above designated size fell by 1.1% year-on-year, mirroring the survey's findings of a contraction in corporate employment.

Figure 3 Planned changes to company headcount by Chinese CEOs, %



Source: KPMG 2025 China CEO Outlook

Examining employment in industrial enterprises by sector, demand for labour in technology-intensive equipment manufacturing such as railway, shipbuilding, aerospace, automotive, and electronic equipment continues to expand, with cumulative year-on-year growth of 3.6%, 3.3%, and 1.8% respectively from January to September 2025. Conversely, low-skilled workers face greater unemployment pressure, with headcount in labour-intensive industries generally declining year-on-year. At the same time, employment sentiment in non-manufacturing sectors is weakening; in September, the employment sub-indices of the Services PMI and Construction PMI stood at 45.9 and 39.7 respectively, both at historic lows for the period. During this critical stage of transition between new and old growth drivers, structural mismatched in the Chinese job market may persist.



02

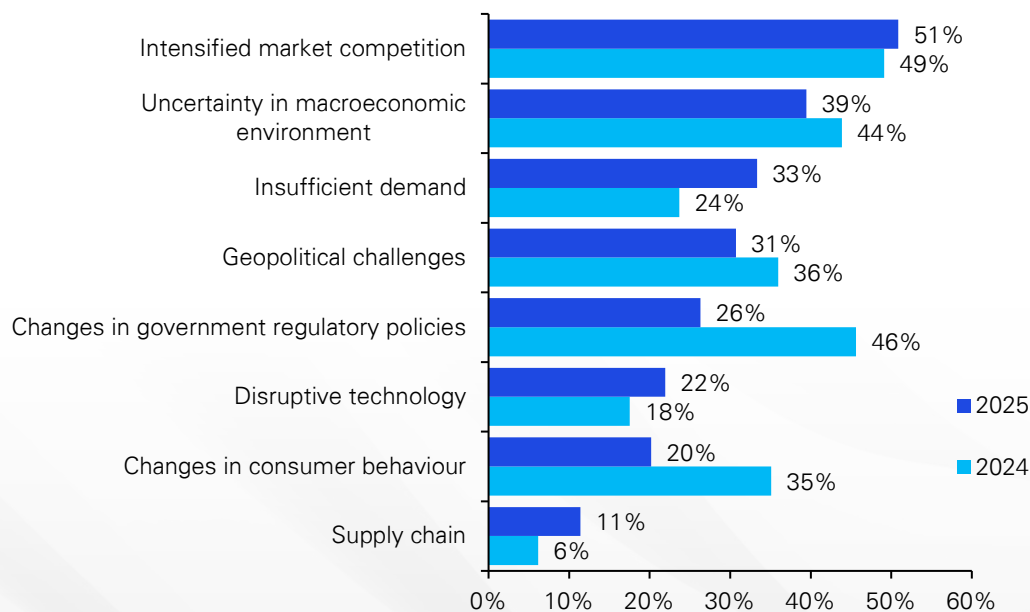
Developing New Quality Productive Forces as a Response to Short-term Competitive Pressures

Involuntary competition weighs on short-term growth

This survey indicates that enterprises are facing an increasingly intense competitive environment in 2025. 51% of surveyed CEOs believe that intensified market competition is impacting current business development, up from 49% the previous year, making it the top operational challenge for the second consecutive year (Figure 4).

In addition to the more intense competitive landscape, 22% of surveyed CEOs reported that emerging and disruptive technologies are affecting their operations, up from 18% the previous year. The launch of the domestic AI model DeepSeek in 2025, with its efficient algorithms, lowered the threshold for AI applications and accelerated the adoption of AI technology. When competitors use AI to develop products, analyse markets, and serve customers at greater speed, companies that do not adopt AI are placed at a significant disadvantage in terms of efficiency. There is widespread concern among enterprises about losing competitiveness in this wave of technological change.

Figure 4 External factors expected to have the greatest impact on Chinese enterprises' growth over the next year, %

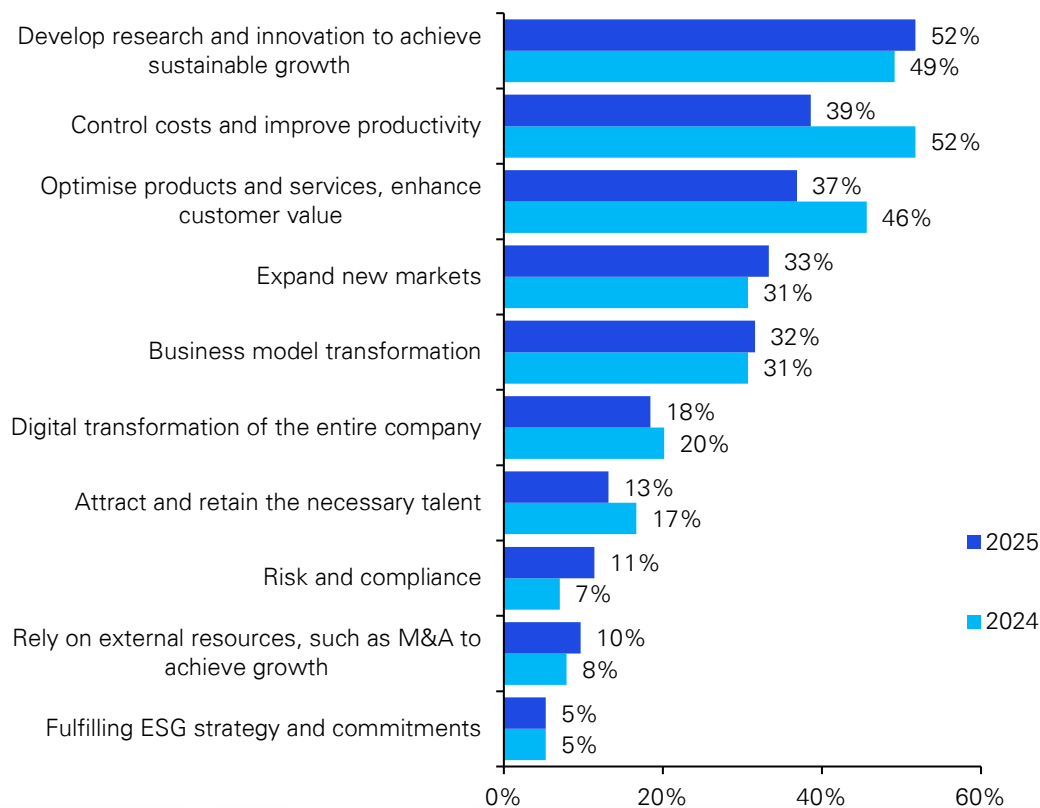


Source: KPMG 2025 China CEO Outlook

Developing new quality productive forces enables enterprises to overcome "involutionary" competition

The top three operational priorities for business leaders this year are: developing new quality productive forces through R&D and innovation (52%), managing costs to improve efficiency (39%), and optimising products and services (37%) (Figure 5). Notably, last year's survey showed that over half of surveyed companies prioritised cost control, reflecting a more conservative development strategy. However, the proportion choosing this strategy fell to 39% in 2025, moving it from the top strategic priority to the second place.

Figure 5 Top operational priorities of Chinese CEOs over the next year, %



Source: KPMG 2025 China CEO Outlook

We believe the shift in attitude towards cost-control measures is partly attributable to the government's current vigorous promotion of "anti-involution" policies. With the effect of earlier policies becoming evident and intensified deployment of new measures, business leaders are more confident in the improvement of the low-price competition landscape, and pressure on cost control will ease accordingly. On the other hand, the rapid development of AI technology is expected to further empower corporate innovation in responding to competition. Facing fierce competition, AI provides a new paradigm for innovation. AI technology can be applied across all stages of the industrial chain, not only to improve efficiency but also to reshape business development models.

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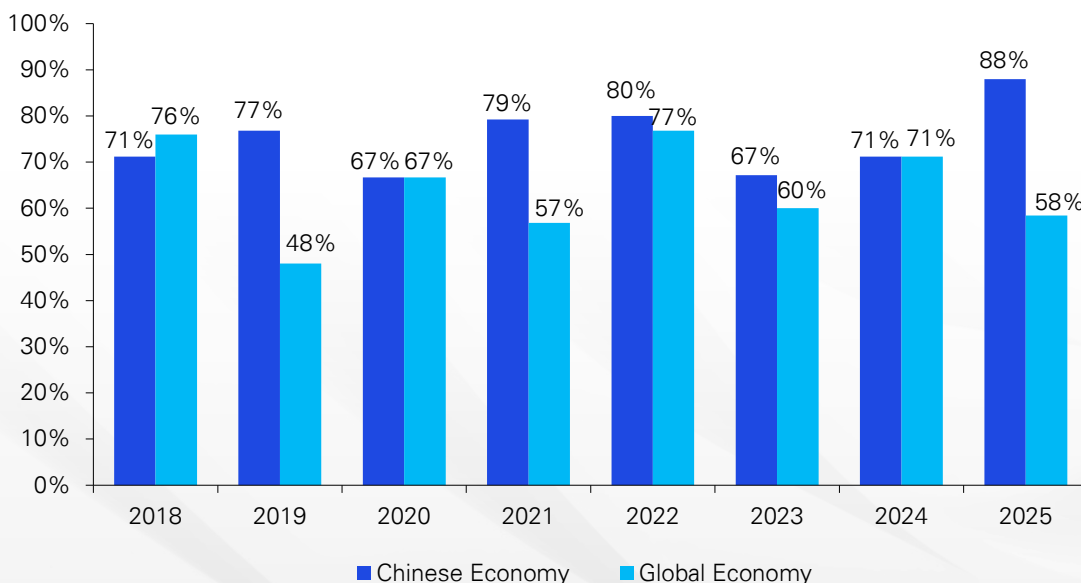
Confidence in China's Long-term Economic Outlook Strengthens

Global growth is slowing, while China's long-term outlook remains positive

In the medium to long term, CEOs' expectations for global and Chinese economic prospects diverge even more markedly. The survey reveals that the proportion of Chinese CEOs confident in global economic growth over the next three years is 58%, a sharp decrease of 13 percentage points compared to the previous year. Conversely, confidence in China's economic growth over the same period reached 88%, a substantial increase of 17 percentage points and a record high in recent years (Figure 6).

At present, the global economy has entered a new normal of medium-to-low growth, driven by multiple factors. Firstly, the slowdown in globalisation has reduced the efficiency of global resource allocation. Secondly, geopolitical risks and extreme climate events pose challenges to the security of commodity supply chains, driving up production factor costs. Third, intensifying debt crises and financial vulnerabilities in major economies have increased financing costs and dampened investment and consumption demand. Fourthly, the momentum of existing technologies is waning, while the new wave of technological revolution represented by AI has yet to deliver productivity gains at scale. Coupled with an accelerating aging global population and stagnant productivity growth, global potential economic growth is trending downwards.

Figure 6 Chinese CEOs' confidence in economic growth over the next three years, %



Source: KPMG 2025 Global CEO Outlook

Conversely, for China, the fundamental trend of long-term economic improvement during the 15th Five-Year Plan period remains unchanged. Chinese CEOs' confidence stems from the stability of five core supporting factors: 1. An ultra-large domestic market. 2. A comprehensive industrial system and infrastructure, providing diverse application scenarios and strong industrial and supply chain resilience. 3. The continued release of the "engineer dividend" and the full stimulation of entrepreneurial spirit, providing robust talent support. 4. Deepening the development of a unified national market and high-level opening-up to stimulate the vitality of various market entities. 5. A domestic macro-control system that is increasingly refined, with an ever-expanding policy toolkit, providing strong support for high-quality economic development.

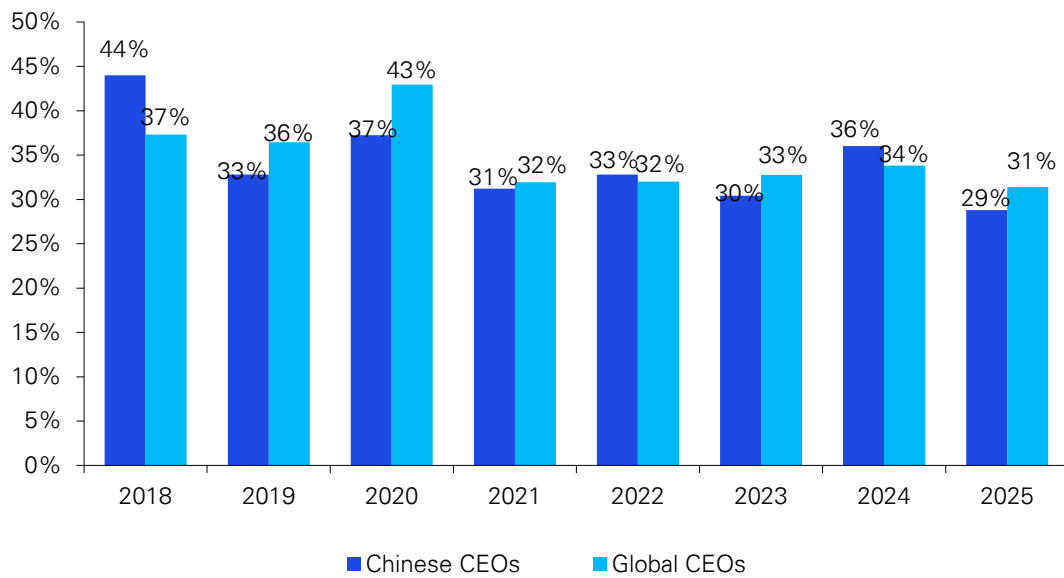
Transition pains continue to weigh on medium-term earnings expectations

It is noteworthy that the gap between optimistic macro expectations and cautious micro perceptions becomes more prominent over the medium to long term. The survey shows that 55% of Chinese CEOs expect average annual revenue growth of more than 2.5% over the next three years, down 6 percentage points from the previous year and below the global average of 61% (Figure 7). From an external environment perspective, subdued global growth may continue to constrain external demand, while uncertainties such as supply chain restructuring, geopolitical tensions, and protectionism may affect the profit expectations of export-oriented enterprises in the long term. Domestically, China is in a critical period of transformation. Some traditional industries are undergoing a lengthy process of clearing outdated capacity, updating technical equipment, and restructuring business models, with transition pains expected to persist for some time. The cumulative impact of internal and external factors has extended Chinese CEOs' expectations of the time required for policy dividends to translate into corporate profitability. This has caused the recovery of medium-to-long-term operational expectations to lag behind the rebound in overall economic confidence, prompting Chinese CEOs to remain more cautious than their global counterparts.



In this context, while most companies (92%) still plan to expand their workforce in the medium-to-long term, only 29% of Chinese CEOs expect workforce growth of more than 5% over the next three years—a record low in recent years and lower than the global average of 31% (Figure 8). This divergence also reflects a shift in corporate employment strategies from being "scale-oriented" to seek structural optimisation and efficiency enhancement.

Figure 8 CEOs expecting workforce growth above 5% over the next three years, %



Source: KPMG 2025 Global CEO Outlook

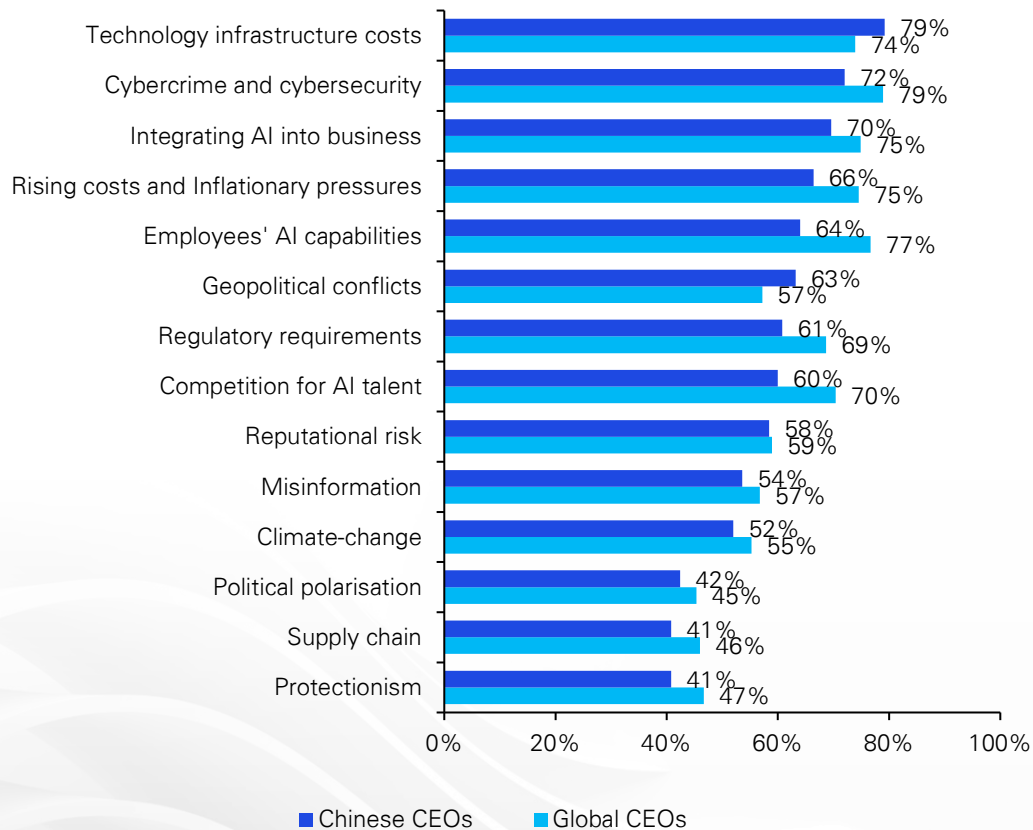
04

Balancing Innovation and Risk Management to Build Medium- to Long-Term Corporate Competitiveness

Technological innovation and geopolitical risks present challenges for medium-to-long-term operations

The survey demonstrates that the adoption and governance of emerging technologies, particularly AI, have become major factors influencing the three-year outlook for global enterprises. 79% of surveyed global CEOs identify cybercrime and security issues stemming from technological innovation as their primary concern. Other significant factors cited by global CEOs include: whether employees possess AI capabilities, how to integrate AI into production and operations, and whether technical infrastructure entails excessive investment costs (Figure 9).

Figure 9 Major factors CEOs believe will shape their company's outlook over the next three years, %



Source: KPMG 2025 Global CEO Outlook

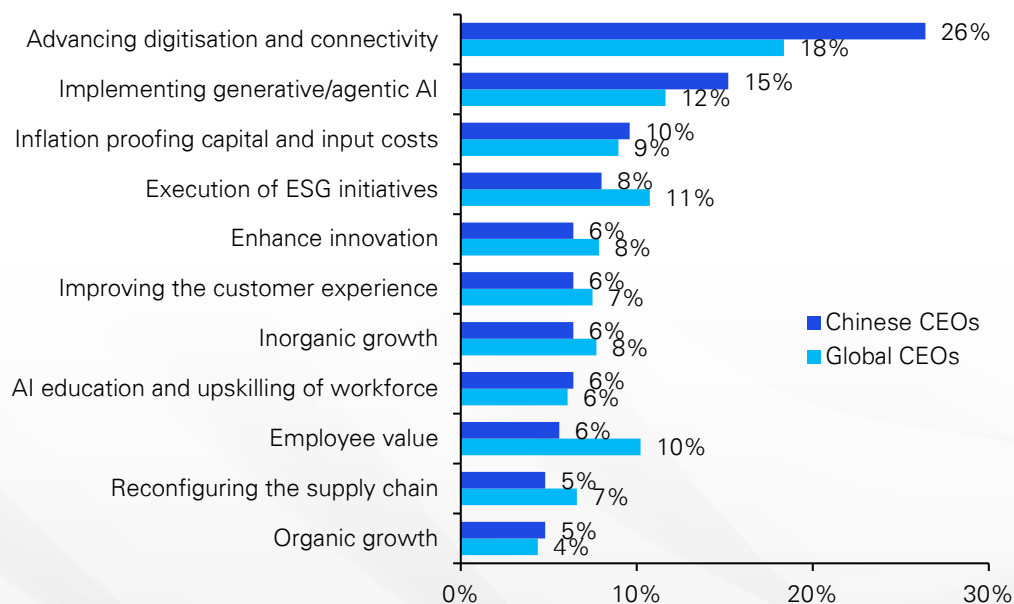
Slightly differently from their global counterparts, 79% of surveyed Chinese CEOs cited technical infrastructure costs as their primary concern for the next three years, higher than the global average of 74%. Compared to developed economies, China's current computing power infrastructure still lags behind, and the corporate digitalisation process is slower. Companies in China may face increased digital infrastructure investment costs in the future.

The geopolitical environment is another major challenge for medium-to-long-term development. This survey shows that 63% of Chinese entrepreneurs believe geopolitical conflicts will pose challenges to medium-to-long-term operations, higher than the global average of 57% and the previous year's 58%.

Increasing innovation and avoiding compliance risks are key medium-to-long-term priorities

Although global CEOs are generally concerned about security issues and Return on Investment (ROI) related to AI, the adoption rate of this AI wave is far faster than previous technological changes, and the window for strategic adjustment is relatively limited. As a result, entrepreneurs' enthusiasm for embracing emerging technologies remains high. The survey shows that 18% and 12% of global CEOs respectively listed further advancing business digitalisation/connectivity and understanding/applying AI as their top two operational measures for the next three years (Figure 10). Chinese entrepreneurs showed even greater enthusiasm for AI investment and application; 26% of surveyed CEOs prioritised advancing business digitalisation and AI implementation as their top strategic priority, higher than the global level of 18%.

Figure 10 Top operational priorities for companies to achieve growth targets over the next three years, %

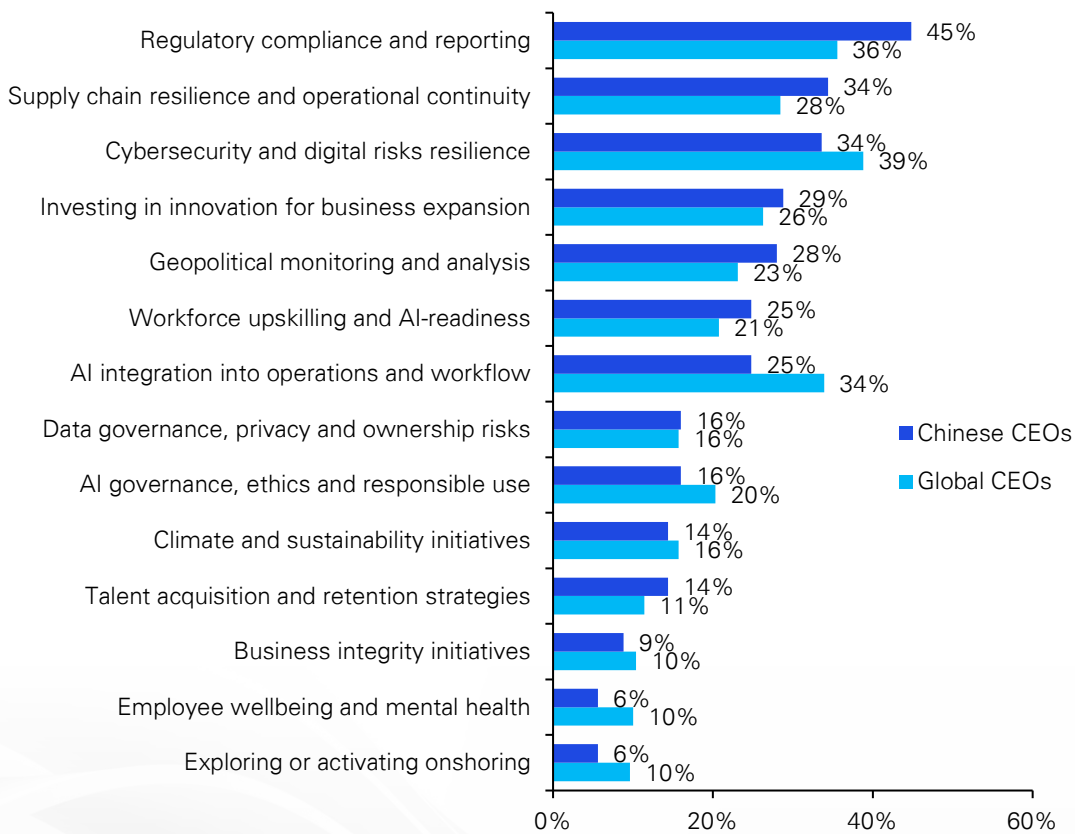


Source: KPMG 2025 Global CEO Outlook

As previously highlighted, Chinese CEOs are more concerned about future geopolitical risks than their global counterparts. 45%, 34%, and 28% of surveyed Chinese CEOs respectively plan to increase investment in regulatory compliance, supply chain security, and geopolitical risk monitoring—all higher than the global averages of 36%, 28%, and 23% (Figure 11).

Regulatory compliance and reporting-related investments have become the primary investment area for Chinese companies. Against the backdrop of geopolitical uncertainty, if a company encounters compliance issues while expanding abroad, it faces high rectification costs, compensation, or disruption to normal operations. The international order is currently undergoing profound restructuring, and traditional global governance systems face severe challenges. In this period of transformation, companies will operate in a more volatile environment, and investment in geopolitical risk management is expected to further increase in the future.

Figure 11 Top areas CEOs are increasing investment to mitigate future operational risks, %



Source: KPMG 2025 Global CEO Outlook

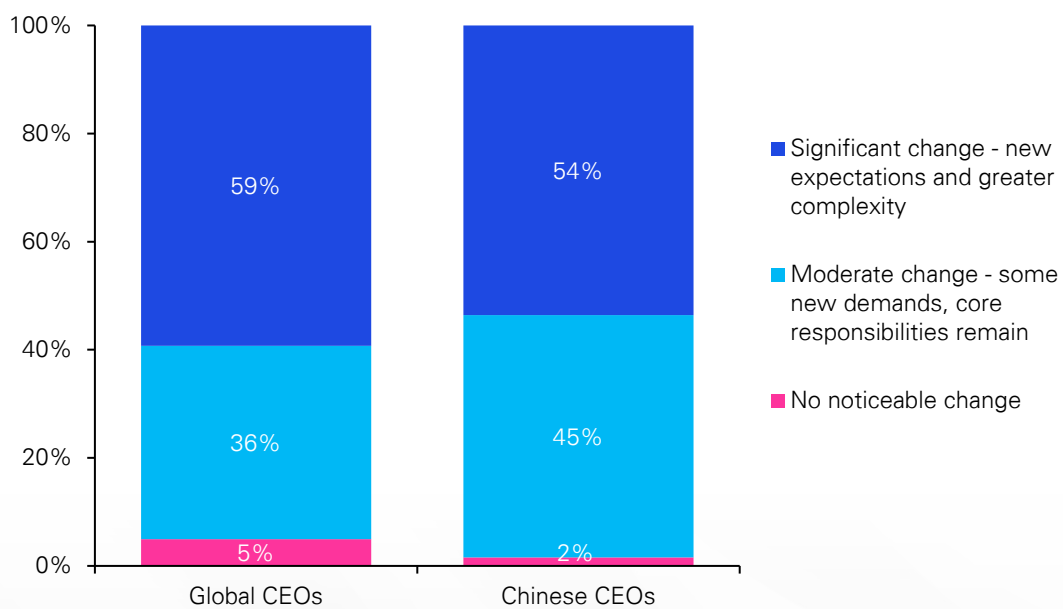
05

CEO Responsibilities Expand as Operating Complexity Increases

CEOs responsibilities expand

Economic and geopolitical turbulence is prompting global CEOs to re-evaluate their leadership and strategic positioning. Over the past five years, the requirements for the CEO role and its responsibilities have changed significantly. This survey shows that almost all surveyed CEOs acknowledge that their professional requirements have changed (Figure 12). In an increasingly dynamic business environment, expectations for the CEO role and the scope of their duties are expanding, requiring them not only to take on more strategic and operational responsibilities but also to continuously drive organisational transformation.

Figure 12 CEOs' views on how their role and responsibilities have changed over the past five years, %

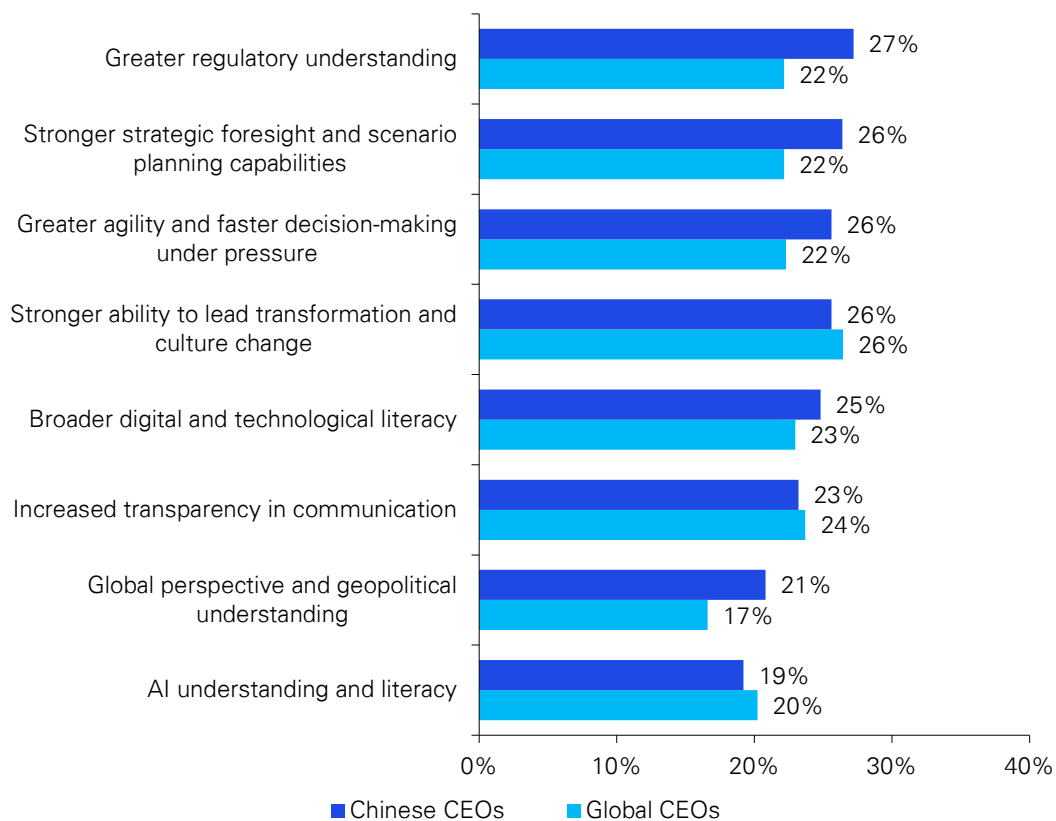


Source: KPMG 2025 Global CEO Outlook

Global dynamics highlight the need for diversified leadership

This survey indicates that in today's complex and volatile global business environment, leaders must develop a multi-dimensional capability set encompassing long-term strategic planning and short-term resilience, digital literacy, compliance insight, and organisational synergy (Figure 13). Chinese and global CEOs share common needs in their perceptions of leadership, but also differentiated priorities due to varying market environments and development stages. Both groups reflect the high standards required of business leaders in the new era of global competition.

Figure 13 CEOs' views on the most essential leadership capabilities, %



Source: KPMG 2025 Global CEO Outlook

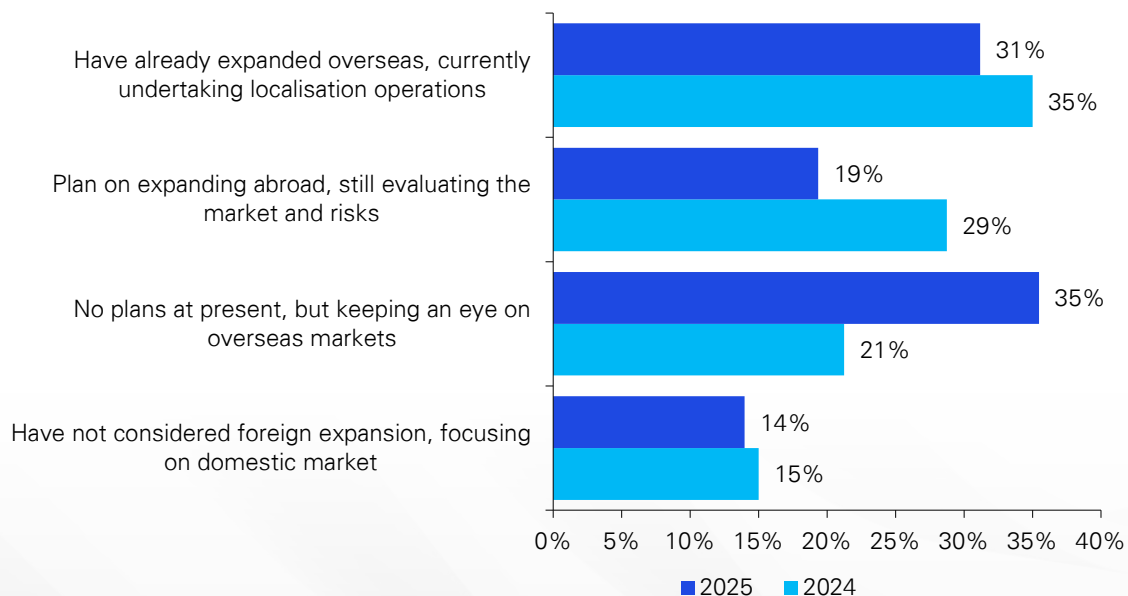
06

Expanding Overseas: From Aggressive Expansion to Deeper Localisation

Energy and technology companies accelerate global expansion

Amid the profound realignment of global trade patterns and persistent geopolitical uncertainties, Chinese companies' expansion strategies in 2025 shifted from aggressive expansion to more rational, in-depth engagement. 35% of Chinese CEOs stated they currently have no plans to expand abroad but are keeping an eye on overseas markets—a significant increase from 21% the previous year. Meanwhile, the proportion planning to expand internationally fell from 29% in 2024 to 19% in 2025, indicating a slowdown in expansion decisions and a shift toward more cautious strategic approaches. Although the proportion already operating abroad declined slightly, it remains high, showing that companies with existing overseas operations will continue to engage deeply in overseas markets, entering a phase that emphasises stable operations and deep localisation (Figure 14).

Figure 14 Chinese companies' plans for overseas expansion, %



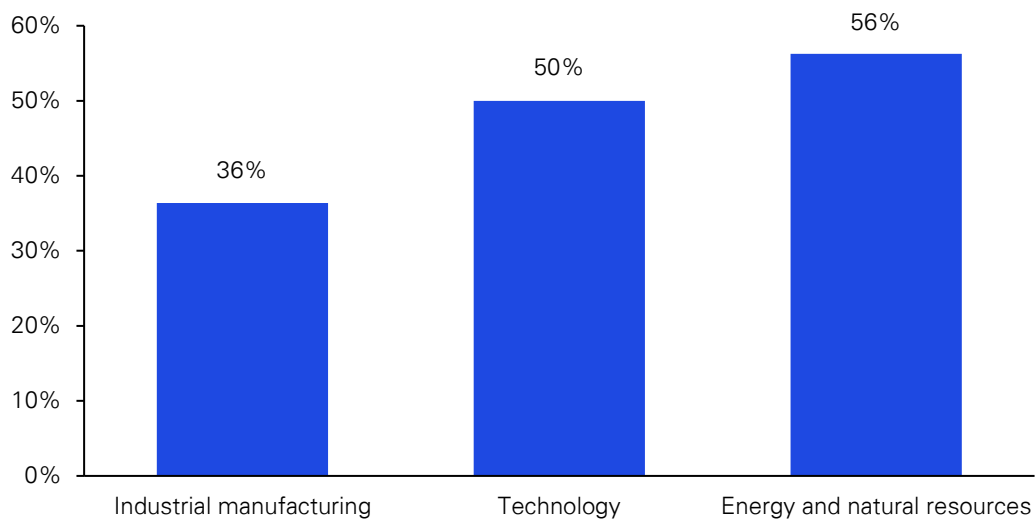
Source: KPMG 2025 China CEO Outlook

By sector, this survey shows that in industrial manufacturing, 36% of CEOs reported their companies have already expanded abroad, unchanged from 2024. This indicates that manufacturing companies with overseas operations are consolidating their international presence through ongoing local deployment (Figure 15).

Among surveyed technology companies, 50% have already expanded abroad, up 6 percentage points from the previous year. Increasingly, technology companies regard globalisation as a strategic imperative for growth. This is primarily due to three factors: 1. The overall improvement in China's technological competitiveness. 2. The inherent advantage of digital globalisation in technology business models. 3. The significant empowerment of manufacturing by technology services.

There is also a high proportion of expansion in the energy sector, with 56% of CEOs stating they have already expanded abroad. Energy companies pursue international expansion to balance resource acquisition and green transformation.

Figure 15 Chinese companies in major sectors that have expanded overseas in 2025, %

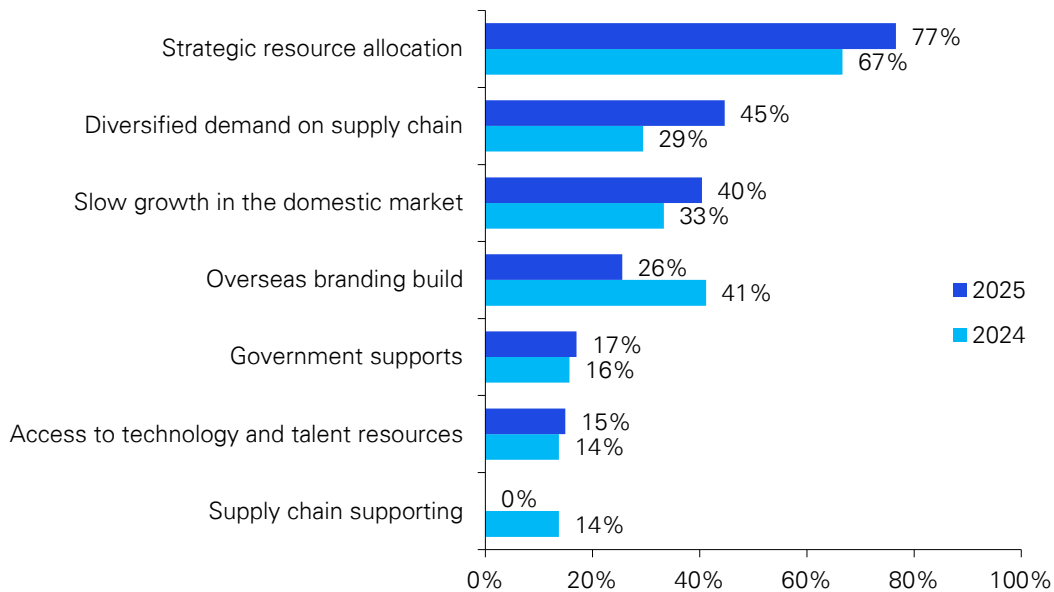


Source: KPMG 2025 China CEO Outlook

Strategic resource allocation as the primary driver

This survey shows that 77% of surveyed CEOs cite strategic resource allocation as a driver for international expansion (Figure 16), up 10 percentage points from the previous year. For most expanding enterprises, the goal is to acquire, integrate, and optimise key strategic resources globally. This includes establishing local R&D, design, and marketing centres in target markets to be closer to customers; acquiring energy and raw materials to ensure supply chain stability; and positioning in regions with active capital markets, tax incentives, or industrial policy support to better leverage global capital. This trend is closely linked to China's economic transition toward high-quality development. Companies are no longer satisfied with low-end manufacturing in the value chain but are extending to high-value-added R&D, design, branding, and service solutions at both ends of the "smiling curve" through global expansion, building comprehensive competitive advantages centred on technological innovation, brand value, and global operational capabilities.

Figure 16 Factors driving Chinese enterprises to expand overseas, %

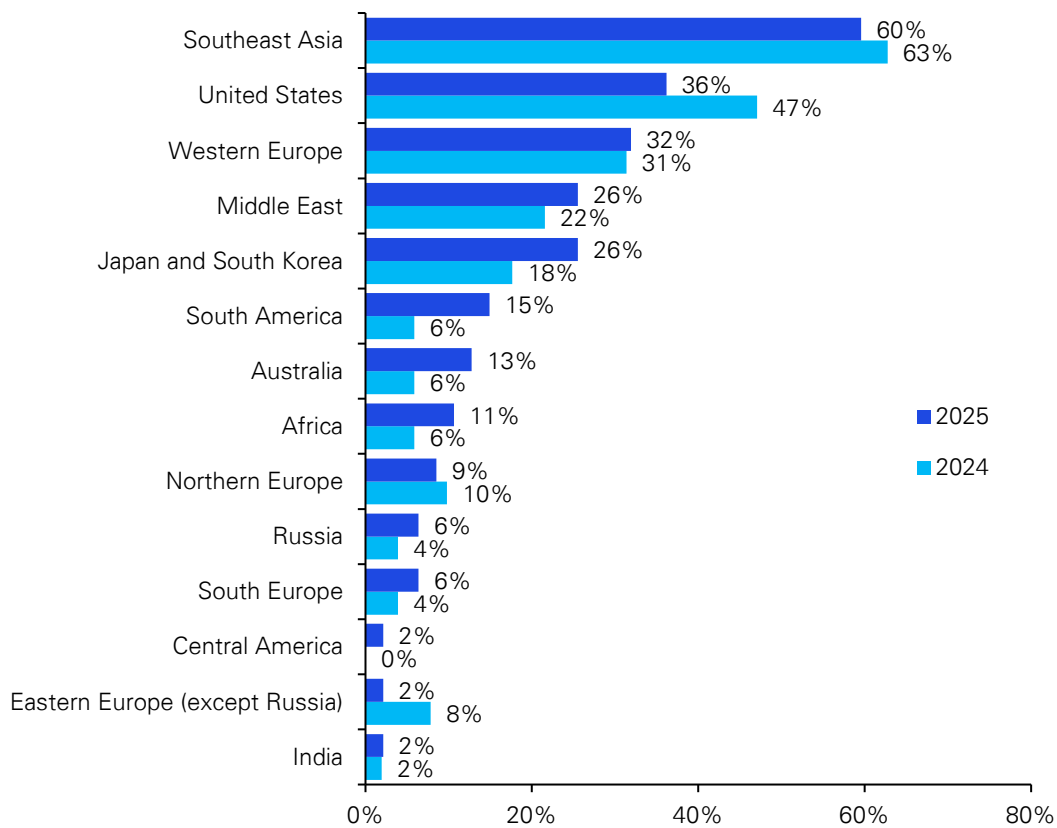


Source: KPMG 2025 China CEO Outlook

The attractiveness of emerging markets continues to grow

In choosing expansion destinations, Chinese companies are increasingly targeting emerging markets. Destinations are shifting towards markets that are more proactive in trade cooperation with China and offer relatively favourable market access, such as Southeast Asia and the Middle East. This is also a strategic choice for Chinese companies to diversify geopolitical risks and improve supply chain resilience (Figure 17).

Figure 17 Major overseas markets considered by Chinese enterprises, %



Source: KPMG 2025 China CEO Outlook

Short-term expectation

Short-term strategy

Mid-term expectation

Mid-term strategy

Leadership

Expanding overseas

AI

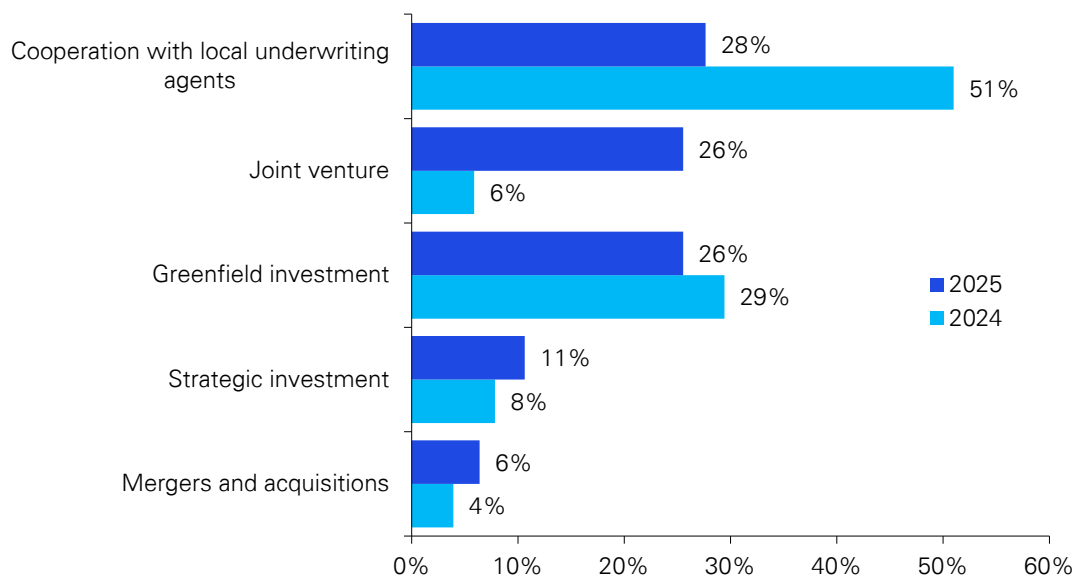
ESG

Appendix

Expansion paths shift towards deeper localisation

Regarding expansion paths, the three main approaches for surveyed Chinese companies are: cooperation with local underwriting agents (28%), joint ventures (26%), and greenfield investment (26%) (Figure 18). The proportion choosing local agents dropped significantly from the previous year, while the share of joint ventures increased markedly, reflecting a strategic shift from simple reliance on local distributors or sales channels to deep localisation. By establishing substantial equity or strategic partnerships with local stakeholders, companies can share distribution channels, policy insights, and supply chain resources thereby gaining greater initiative in long-term competition. The share of greenfield investment remains stable; this model has been a major strategy for companies seeking proximity to markets, cost reduction, and long-term localised operations since the rise of global trade protectionism in 2018. Accordingly, the 2025 data presents a more refined three-dimensional expansion pattern. The core logic of this structural change lies in the deep localisation of Chinese companies global expansion.

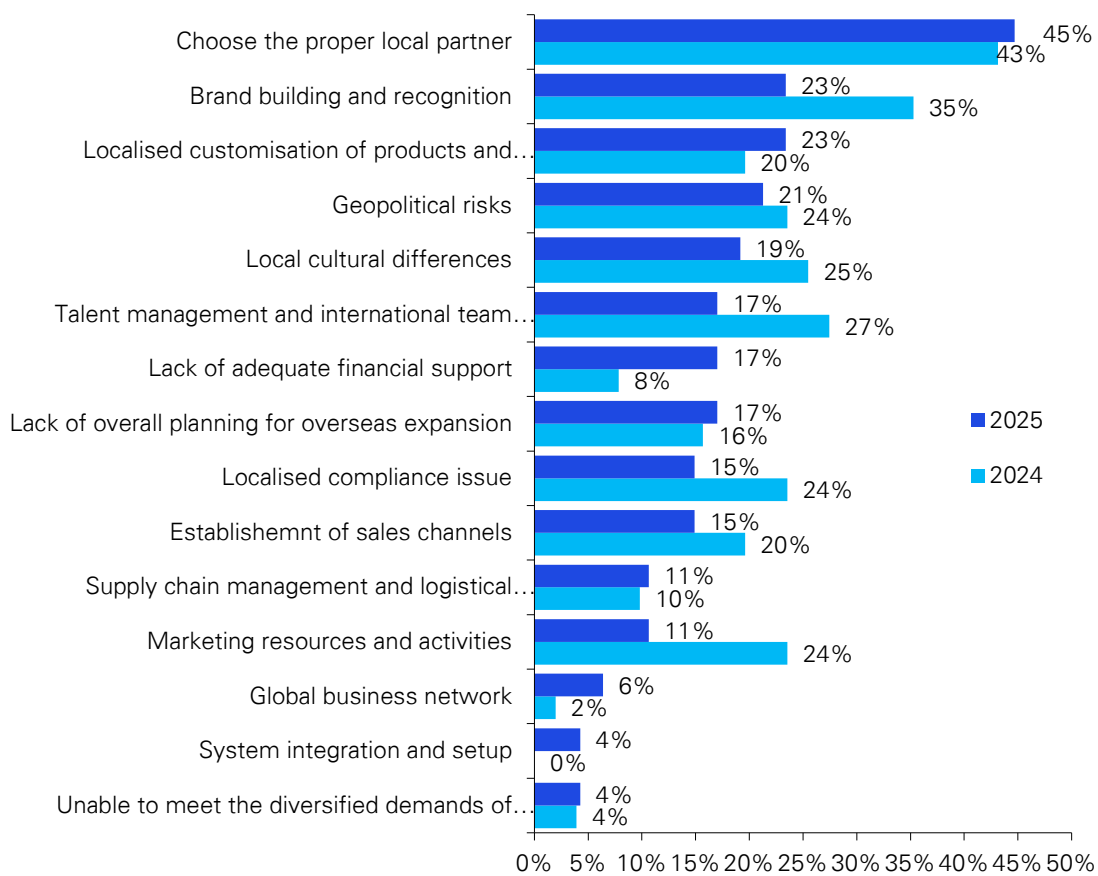
Figure 18 Pathways adopted by Chinese enterprises for expanding overseas, %



Source: KPMG 2025 China CEO Outlook

In the evolution from simple expansion to deep localization, selecting suitable local partners remains the top challenge (Figure 19). As expansion models migrate from agency cooperation to equity-linked models such as joint ventures and greenfield investments, finding local partners with aligned values and complementary resources has become a key prerequisite for mitigating subsequent operational risks. Building a brand and local customisation of products and services are tied as the second greatest challenge, reflecting that establishing a brand value system with emotional resonance and cultural identity is a necessary path for deep localisation.

Figure 19 Challenges faced by Chinese enterprises when expanding overseas, %



Source: KPMG 2025 China CEO Outlook

Short-term expectation

Short-term strategy

Mid-term expectation

Mid-term strategy

Leadership

Expanding overseas

AI

ESG

Appendix

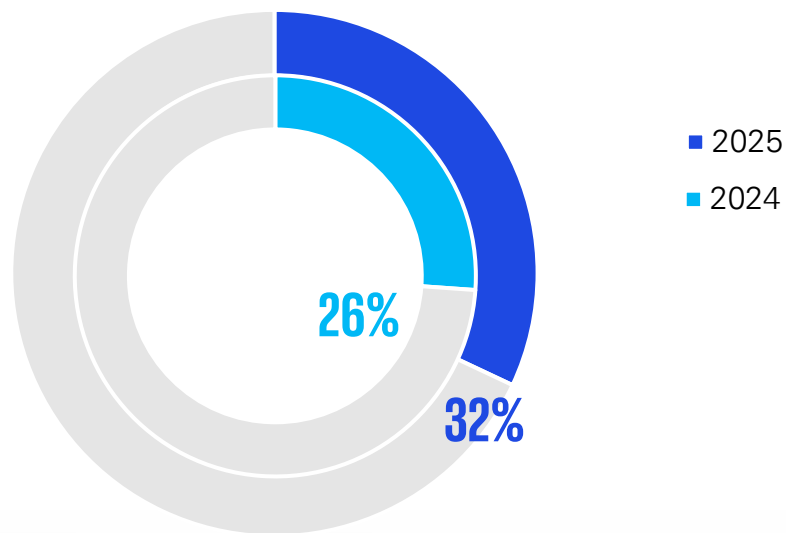


The AI Race is On

Expectations for AI transformation rise, and investment appetite strengthens

Since early 2025, technological breakthroughs in domestic open-source Large Language Models (LLMs) such as DeepSeek, together with the full rollout of the national AI Plus initiative, have accelerated the adoption and promotion of AI across various sectors, fostering inclusive AI development. The survey indicates that 32% of Chinese CEOs believe AI, particularly generative AI, will drive major changes in their companies and industries within a year, up from 26% the previous year (Figure 20).

Figure 20 Chinese CEOs' expectations of AI driving significant changes in enterprises and industries in one year, %



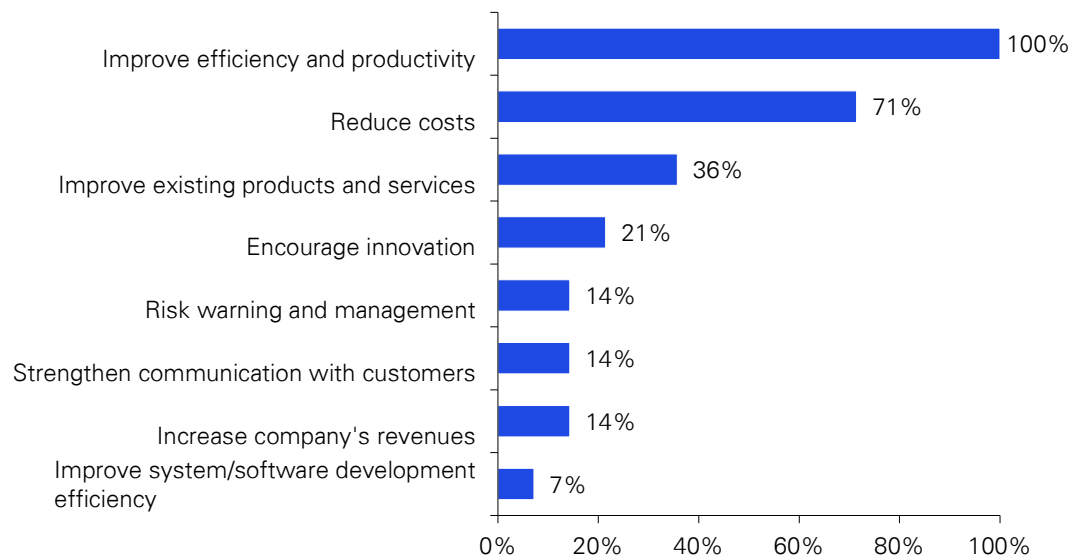
Source: KPMG 2025 China CEO Outlook

A consensus grows around the onset of the "AI Era," deploying AI has become a strategic imperative for enterprises, and those that do not keep pace risk falling behind. The survey shows that despite ongoing economic uncertainties and operational pressures, 59% of Chinese CEOs firmly view AI as a priority investment, up from 57% the previous year. Meanwhile, 83% of Chinese CEOs predict that the share of AI in their company's budget will reach over 10% in the coming year, matching the global average.

AI implementation deepens, and benefits merge more rapidly

As AI adoption deepens, the realisation of benefits is accelerating. Feedback on the value of generative AI over the past year shows that it has helped all surveyed companies improve efficiency and productivity, with 71% of companies reducing costs, making it an essential tool for cost reduction and efficiency. Notably, the impact of generative AI in value-enhancing areas—such as improving existing products and services and fostering innovation—has also begun to emerge, offering companies greater opportunities for transformation (Figure 21).

Figure 21 Major benefits identified by Chinese CEOs for implementing generative AI in the past year, %



Source: KPMG 2025 China CEO Outlook

Short-term
expectation

Short-term
strategy

Mid-term
expectation

Mid-term
strategy

Leadership

Expanding
overseas

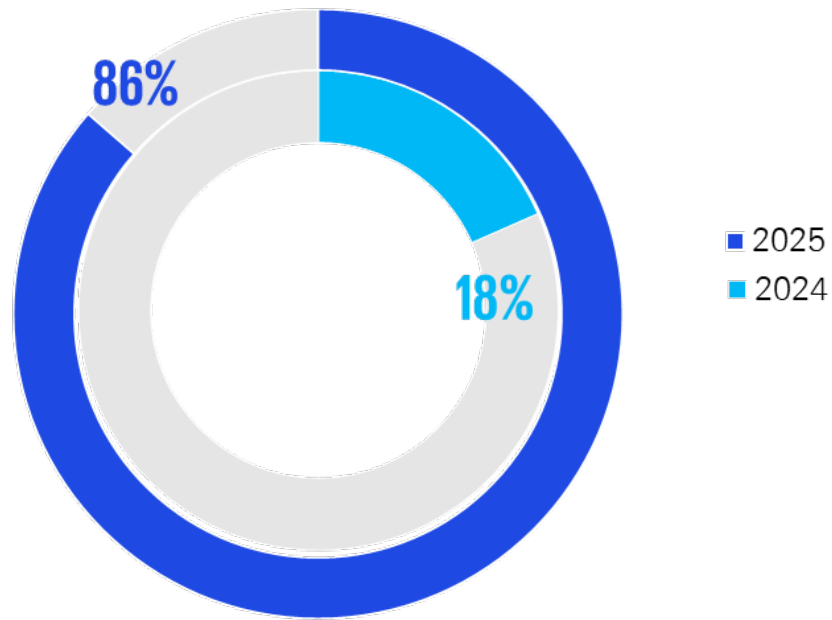
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Realising the value of AI adoption has changed CEOs' perspective on the ROI from AI for the better. The survey shows that the proportion of Chinese CEOs expecting a return on AI investment within three years increased significantly from 18% the previous year to 86%. Of these, 20% believe they will see a return in less than a year (Figure 22).

Figure 22 Chinese CEOs expecting to see returns on AI investments within three years, %

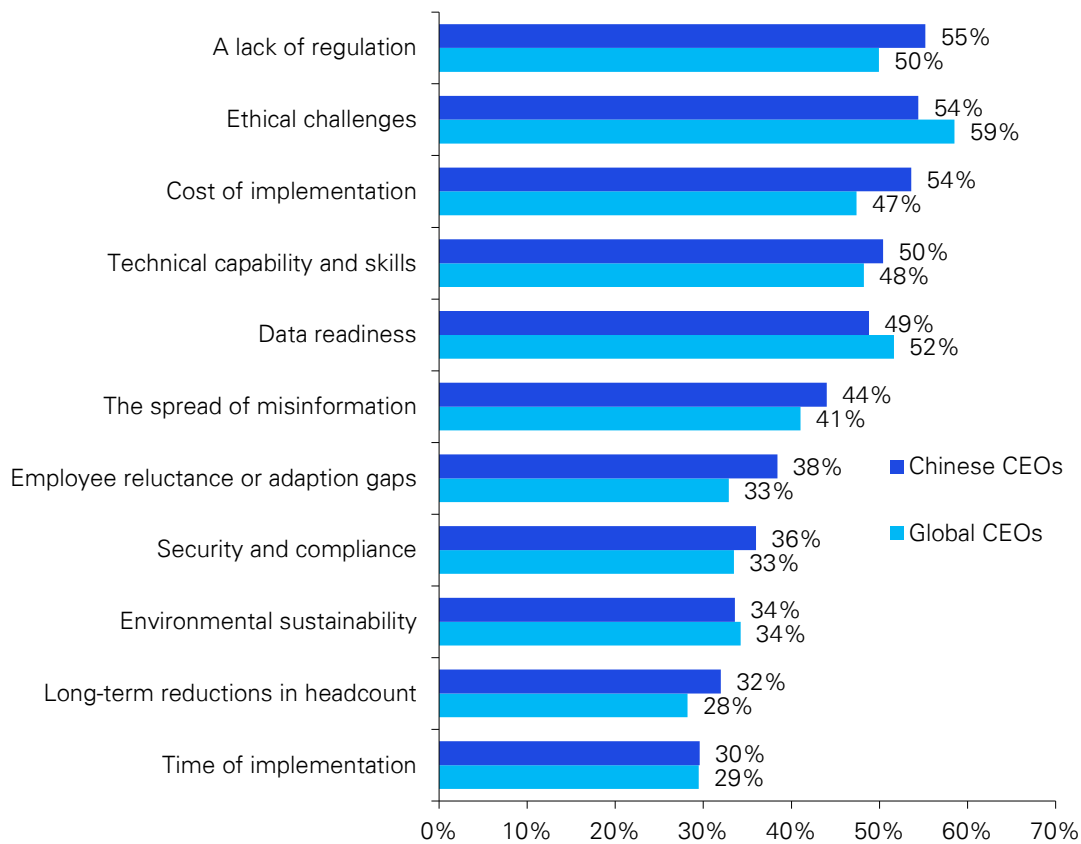


Source: KPMG 2025 Global CEO Outlook

Recognising risks and challenges to build a sustainable AI transformation framework

While viewing AI as a powerful growth engine, business leaders also clearly recognise its potential risks. From regulatory compliance to ethical considerations, companies must seek a balance between bold deployment and responsible adoption to build a sustainable AI implementation framework. The survey shows that more than half of Chinese CEOs believe that a lack of regulation and ethical challenges present difficulties for implementing AI (Figure 23).

Figure 23 Factors CEOs believe to pose challenges to AI implementation, %



Source: KPMG 2025 Global CEO Outlook

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Short-term strategy

Mid-term expectation

Mid-term strategy

Leadership

Expanding overseas

AI

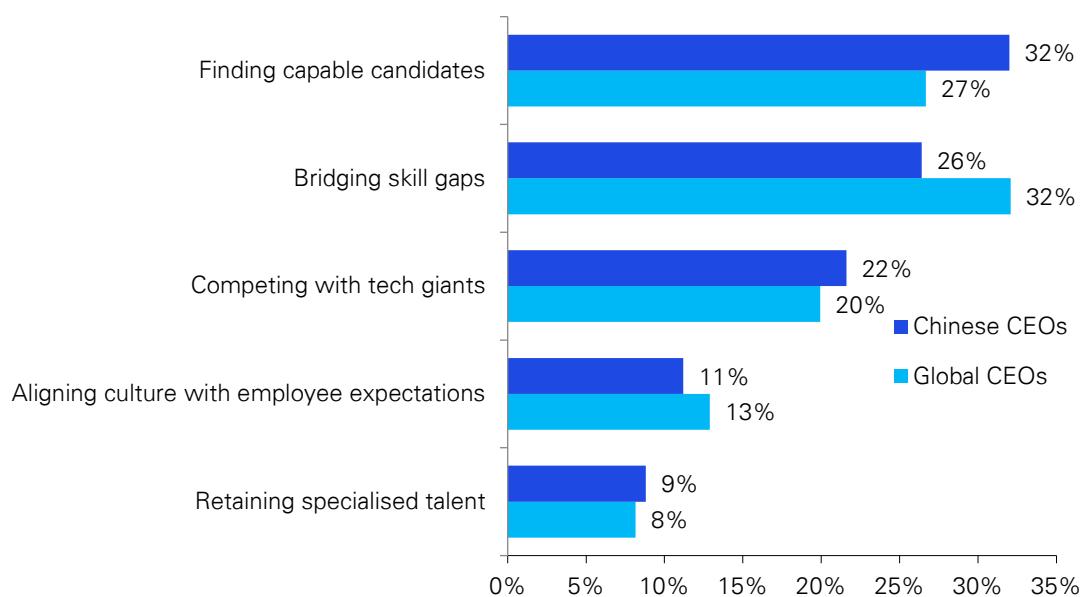
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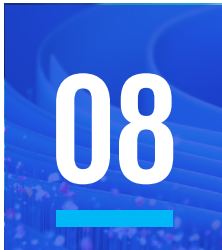
Adapting talent development strategies to meet AI transformation needs

In this global AI race, business leaders adhere to a people-oriented development philosophy and technical deployment path. Attracting and retaining AI and digital talent has become a key strategic issue. 32% of Chinese CEOs identified "finding candidates with appropriate technical and collaborative skills" as their top challenge—higher than the global average of 27%, reflecting Chinese companies' urgent need for versatile talent. In contrast, more global CEOs cited "bridging the gap between existing skills and required capabilities" as their top challenge (32%, compared to 26% in China). This difference may be attributed to two factors: 1. Global markets are relatively mature, with smaller gaps between workforce skills and demand. 2. Internal organisational structures are relatively stable, making the retraining and upskilling of existing employees a long-term strategic priority (Figure 24).

Figure 24 Top challenges companies face in attracting and retaining AI and digital talent, %



Source: KPMG 2025 Global CEO Outlook



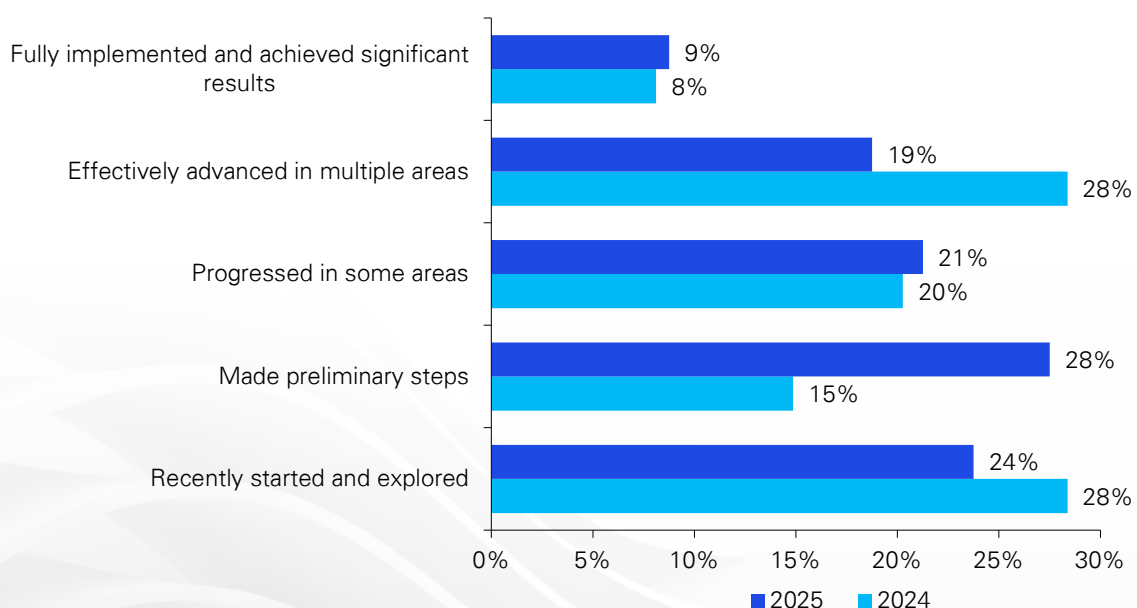
ESG Transformation Enters an Accelerated Phase

Consistent policy support

Environmental, Social, and Governance (ESG) considerations have now become a core agenda item for global capital markets. The pace of ESG transformation among Chinese companies has accelerated further in 2025. According to the survey, 49% of surveyed Chinese companies reported undertaking preliminary initiatives or achieving initial results in low-carbon transformation in 2025, significantly higher than 35% the previous year (Figure 25).

China's policy support in ESG remains consistent, providing certainty for Chinese corporate ESG transformation. In the first half of 2025, Chinese ESG asset management products progressed steadily in terms of quantity, type, and theme coverage. On 24 September 2025, at the UN Climate Change Summit, President Xi Jinping announced China's new round of Nationally Determined Contribution (NDC) targets for 2035, explicitly aiming for a 7%–10% reduction in net greenhouse gas emissions from the peak by 2035. This is the first time China has set a quantified, absolute reduction target after reaching peak emissions, marking a new stage in the country's climate strategy.

Figure 25 Progress of companies' green and low carbon transformation, %

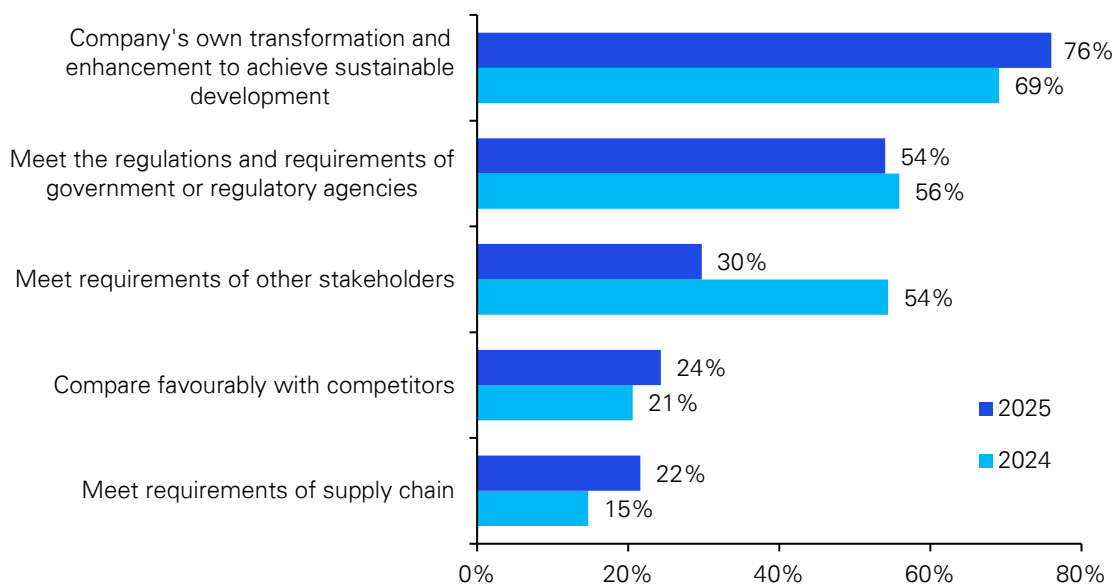


Source: KPMG 2025 China CEO Outlook

ESG investment is both a compliance cost and a growth engine

The survey shows that Chinese companies are adopting more proactive approach to ESG investment. In terms of investment motives, beyond viewing it as a necessary compliance cost, more companies indicated they are pursuing ESG investment based on their own development considerations in 2025. 76% of respondents believe ESG investment helps their own transformation and enhancement to achieve sustainable development, up significantly from 69% the previous year (Figure 26).

Figure 26 Key ESG investment drivers for Chinese companies, %

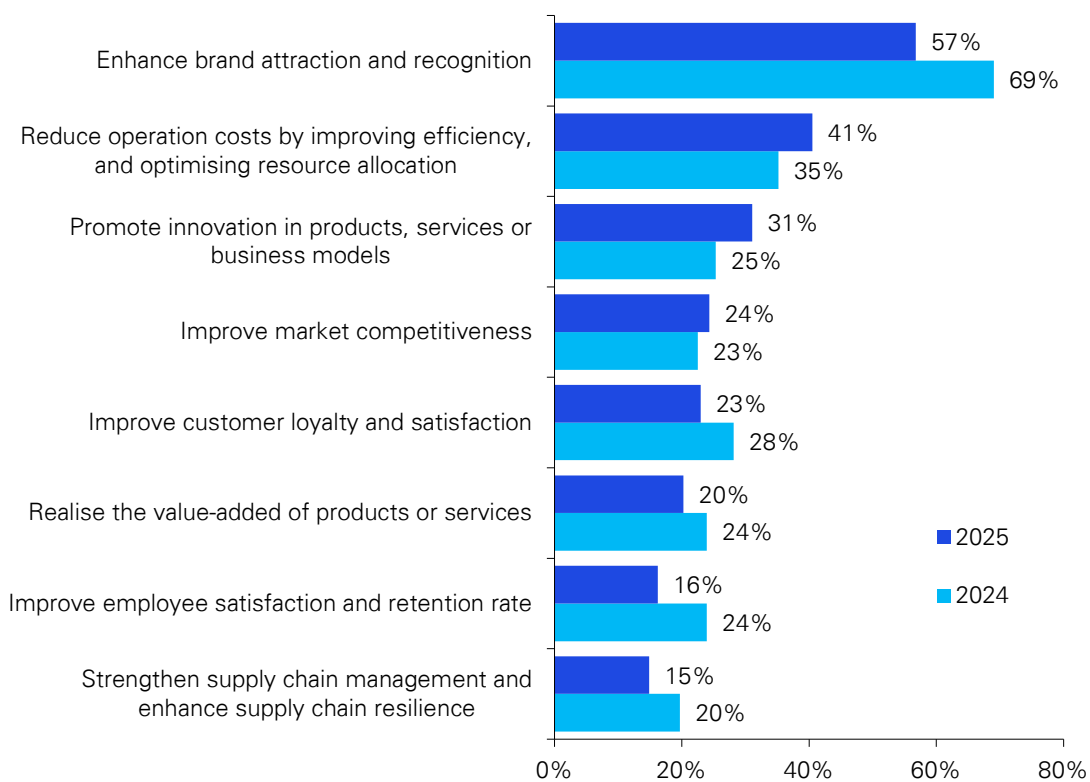


Source: KPMG 2025 China CEO Outlook

From a financial perspective, ESG investment can help companies enhance brand appeal and recognition, which has been identified as the most direct return on ESG investment in the past two years of surveys (Figure 27).

Notably, more companies recognised the positive role of ESG investment in cost reduction, efficiency improvement, and innovation in 2025. 41% of surveyed companies believe ESG investment can help optimise resource allocation and improve efficiency.

Figure 27 Benefits of ESG projects for Chinese companies, %



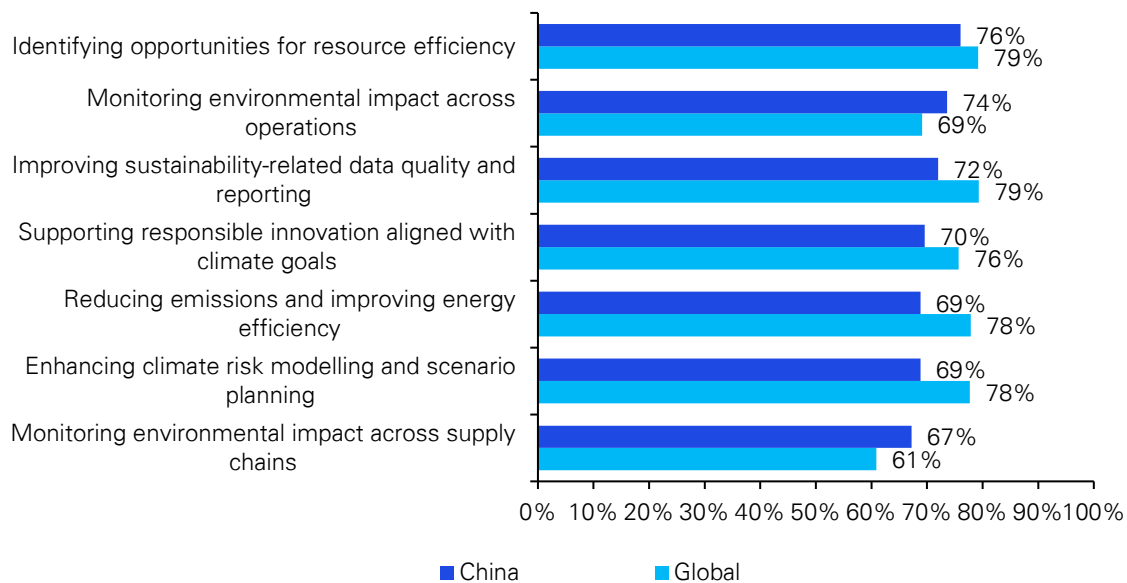
Source: KPMG 2025 China CEO Outlook

AI is assisting corporate sustainable development

Amid the wave of technological change driven by AI, AI technology is evolving into a high-quality auxiliary tool for corporate ESG transformation. Based on application scenarios, AI primarily supports ESG transformation in four ways: 1. As a "Super Auditor" to address data credibility issues. 2. As an "Efficiency Optimiser" to directly achieve cost reduction and efficiency gains. 3. As a "Risk Predictor" to proactively identify and manage risks. 4. As an "Innovation Engine" to drive new products and markets.

The survey shows that both global and Chinese companies highly value AI's role as an "Efficiency Optimiser." 79% of global CEOs and 76% of Chinese CEOs believe AI helps identify opportunities to improve resource efficiency in company operations (Figure 28). In the future, the roles of AI as a "Risk Predictor," "Super Auditor," and "Innovation Engine" are expected to be further developed, supporting corporate ESG transformation and promoting the achievement of the China's new round of NDC targets.

Figure 28 Potential of AI to support organisation's efforts in the following climate and sustainability areas, %



Source: KPMG 2025 Global CEO Outlook

About the Survey

2025 Global CEO Outlook

The 11th edition of the KPMG CEO Outlook, conducted with 1,350 CEOs between 5 August and 10 September 2025, provides unique insight into the mindset, strategies and planning tactics of CEOs.

All respondents oversee companies with annual revenues over US\$500M and a third of the companies surveyed have more than US\$10B in annual revenue. The survey included CEOs from 11 key markets (Australia, Canada, China, France, Germany, India, Italy, Japan, Spain, UK and US) and 12 key industry sectors (asset management, automotive, banking, consumer and retail, energy, infrastructure, healthcare, insurance, life sciences, manufacturing, technology, and telecommunications).

NOTE: some figures may not add up to 100 percent due to rounding.

2025 China CEO Outlook

This is the second year that KPMG has expanded the sample quantity and key topics of the KPMG CEO Outlook Survey in China. Based on a survey of 114 CEOs from May to August 2025, this year's report provides an in-depth view of how Chinese business leaders assess the economic landscape and growth prospects in this new era, as well as their unique perspectives on strategic adjustments within their organizations.

Interviewees include leaders from 13 major industries (asset management, automobiles, banking, consumer and retail, energy, insurance, life sciences, health care, manufacturing, real estate, transportation, technology, and media).

NOTE: some figures may not add up to 100 percent due to rounding.

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About KPMG China

KPMG China has offices located in 31 cities with over 14,000 partners and staff, in Beijing, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Hefei, Jinan, Nanjing, Nantong, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Taiyuan, Tianjin, Wuhan, Wuxi, Xiamen, Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR. Working collaboratively across all these offices, KPMG China can deploy experienced professionals efficiently, wherever our client is located.

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In 1992, KPMG became the first international accounting network to be granted a joint venture license in the Chinese Mainland. KPMG was also the first among the Big Four in the Chinese Mainland to convert from a joint venture to a special general partnership, as of 1 August 2012. Additionally, the Hong Kong firm can trace its origins to 1945. This early commitment to this market, together with an unwavering focus on quality, has been the foundation for accumulated industry experience, and is reflected in KPMG's appointment for multidisciplinary services (including audit, tax and advisory) by some of China's most prestigious companies.

About KPMG China Research Institute

The KPMG China Research Institute brings together multidisciplinary expertise to deliver a new standard of leading research capability. Built on four core pillars—data as the foundation, information as the support, knowledge as the core, and insights as the source of value creation—the Institute advances capabilities in a progressive and integrated manner, unlocking sustainable and scalable value.

The Institute integrates KPMG’s macroeconomic, industry, and sector-specific research strengths in China, while leveraging the firm’s global network to deliver research efficiently and with international perspective. It demonstrates KPMG’s comprehensive and forward-looking research capabilities, and is committed to providing fact-based, in-depth insights and analysis on critical economic and business issues. These insights support decision-making for corporates and institutions, existing and prospective clients, policymakers, and the broader public, while also contributing to the development of KPMG’s business and helping partners remain competitive in an evolving market environment.

With a diversified portfolio of research products across multiple levels, dimensions, and perspectives, the KPMG China Research Institute responds promptly to key domestic and global policy developments through an international lens. It delivers timely and in-depth industry research and analysis, supporting clients in understanding shifts and trends across high-potential sectors amid a complex macroeconomic landscape, and in identifying emerging market opportunities and growth prospects. Research outputs include, but are not limited to, global and domestic macroeconomic and industry trend analyses; China and global business development and investment studies; industry outlooks and flagship reports; policy research and interpretation; surveys, interviews and empirical studies; and national and multi-level thematic research projects.

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Contact us



Michael Jiang

Head of Clients and Markets
KPMG China
+86 (10) 8508 7077
michael.jiang@kpmg.com



Gary Cai

Head of Macroeconomic
Research Institute
+86 (21) 2212 3687
gary.cai@kpmg.com

Research Team

KPMG China Research Centre

Yuan Zeng, Yuka Ding, Carrie Zhou, Long Niu

KPMG China Strategy & Transformation Office

Karen Sun

kpmg.com/cn/socialmedia



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