20 Aug 2026

CMB International Global Markets | Equity Research | Company Update

CMB INTERNATIONAL

A Wholly Owned Subsidiary Of China Merchants Bank

Xunfei Healthcare (2506 HK)

Robust 1H26 performance driven by AI Health Partner

BUY (Maintain)

Target Price	**HK$99.58**
(Previous TP	HK$92.55)
Up/Downside	**39.8%**
Current Price	**HK$71.25**

China Healthcare

Jill WU, CFA
(852) 3900 0842
jillwu@cmbi.com.hk

Cathy WANG
(852) 3916 1729
cathywang@cmbi.com.hk

Stock Data

Mkt Cap (HK$ mn)	8,612.6
Avg 3 mths t/o (HK$ mn)	8.8
52w High/Low (HK$)	112.70/62.75
Total Issued Shares (mn)	120.9

Source: FactSet

Shareholding Structure

iFlytek	49.4%
Hefei Zhengsheng	16.1%

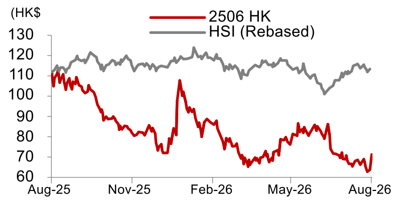
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	3.1%	-0.7%
3-mth	-7.4%	-6.3%
6-mth	-18.2%	-14.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Xunfei Healthcare reported 1H26 revenue of RMB446mn, up 49.4% YoY, representing 40% of our full-year forecast and ahead of the historical average (~33%). The operating efficiency continued to improve, with the SG&A expense ratio down 18.5ppts and the R&D expense ratio falling by 4.4ppts, substantially narrowing the net loss margin to 13.3% (-11.5ppts YoY). Looking ahead, we expect the growth of AI Health Partner to accelerate in 2H26E driven by continued regional expansion, while AI Medical Assistant should sustain solid momentum. Given the robust 1H26 earnings, we raise our 2026E revenue forecast by 7.6%.

- **AI Health Partner: successful regional expansion of Imaging Cloud drove robust revenue growth.** AI Health Partner, which corresponds to the former patient management services business, reported 1H26 revenue of RMB182mn (+75% YoY), primarily driven by imaging cloud and post-discharge management. After winning the Guangxi provincial imaging cloud project in Feb 2026, the Company connected all eligible Grade II+ hospitals (>370) in Guangxi. Thanks to the successful regional expansion, Xunfei's annual paid digital-imaging visits doubled from 36mn in 2025 to 72mn in 1H26. With the recent Ningxia project win and multiple provincial tenders underway in 2H26E, we expect imaging cloud to remain a major growth driver. Post-discharge management also continued to scale rapidly, with sales revenue up 222% YoY and 33% above full-year 2025 levels, driven by growth in both the number of operating hospitals and patients served. In our view, AI Health Partner is deployed in hospitals but paid by patients. Once implemented, it is expected to generate recurring revenue, improving both growth visibility and business resilience over time.
- **AI Medical Assistant: solidifying Xunfei Healthcare's leadership in the AI healthcare market.** Revenue grew 47.5% YoY, mainly driven by hospital-end solutions. The Company continued to expand its client base in 1H26, serving over 77,000 PHC institutions across 828 districts/counties and 700+ graded hospitals, up from 77,000+ PHCs, 806 districts, and 600+ hospitals at end-2025. To date, the General Practice CDSS has provided over 1.2 billion AI-assisted diagnostic suggestions and assisted in generating more than 490 million standardized electronic medical records. We believe Xunfei Healthcare's long-standing accumulation of high-value medical data and clinical resources is creating a meaningful model-iteration flywheel. Combined with strengthening policy support for AI-assisted diagnosis, this should help the Company solidify its dominant position through further regional expansion and deeper penetration across both PHCs and hospitals.
- **Valuation/Key risks.** Given the better-than-expected 1H26 performance, we raise our 2026E revenue forecast by 7.6%. Accordingly, we revise our target price to HK$99.58 (previously HK$92.55), still based on 9x 2026E P/S, broadly in line with its peers. **Risks:** slower-than-expected regional expansion, intensifying competition in AI-enabled healthcare solutions.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	734	915	1,204	1,533	1,838
YoY growth (%)	32.0	24.7	31.6	27.3	19.9
Adjusted net profit (RMB mn)	(44.8)	(11.1)	27.6	46.1	70.6
YoY growth (%)	na	na	na	66.9	53.2
EPS (Adjusted) (RMB cents)	(39.33)	(9.22)	22.84	38.11	58.39
P/S (x)	10.1	8.1	6.2	4.8	4.0
Net gearing (%)	(44.0)	16.6	15.6	16.2	10.8

Source: Company data, Bloomberg, CMBIGM estimates

Figure 1: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	1,204	1,533	1,838	1,119	1,347	1,599	7.6%	13.8%	14.9%
Gross profit	634	806	966	572	693	828	11.0%	16.4%	16.6%
Attributable net profit	-26	-8	17	-40	-21	3	NA	NA	404.2%
EPS (RMB)	-0.22	-0.06	0.14	-0.33	-0.17	0.03	-34.8%	-63.9%	404.2%
Gross margin	52.69%	52.59%	52.55%	51.09%	51.42%	51.79%	+1.60 ppt	+1.17 ppt	+0.75 ppt
Net margin	-2.16%	-0.49%	0.92%	-3.57%	-1.56%	0.21%	+1.41 ppt	+1.07 ppt	+0.71 ppt

Source: Company data, CMBIGM estimates

Figure 2: Peer comparison

			Price	Market Cap	Revenue		YoY (%)		PS（x)	
Company	Ticker	Rating	(LC)	（US$mn)	2026E	2027E	2026E	2027E	2026E	2027E
Overseas market										
Tempus AI	TEM US	NR	49.4	8,906	1,597	1,969	25%	22%	5.6	4.2
Doximity Inc	DOCS US	NR	24.9	4,445	643	677	13%	9%	6.9	6.4
Veeva Systems Inc	VEEV US	NR	242.8	39,433	3,170	3,643	15%	13%	12.4	8.1
Salesforce	CRM US	NR	196.1	160,639	41,490	46,114	9%	11%	3.9	3.7
Recursion	RXRX US	NR	3.1	1,670	48	85	-4%	77%	34.8	14.3
				Average			**6%**	**26%**	**12.7**	**9.0**
H & A share market										
Medlive	2192 HK	NR	7.6	718	110	130	24%	17%	6.5	5.5
XtalPi	2228 HK	BUY	7.2	3,967	151	203	35%	34%	26.2	19.5
Yidu Tech	2158 HK	NR	4.2	544	120	143	22%	19%	4.5	3.8
Winning Health	300253 CH	NR	7.1	2,306	352	396	7%	13%	6.5	5.8
B-Soft	300451 CH	NR	3.4	777	168	180	-1%	7%	4.6	4.3
				Average			**17%**	**18%**	**9.6**	**7.8**
				Overall average					**11.2**	**8.4**

Source: Bloomberg, CMBIGM estimates
Note: data as of 19 Aug 2026

Figure 3: CMBIGM estimates vs consensus

	CMBI			Consensus			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	1,204	1,533	1,838	1,178	1,516	1,963	2.2%	1.1%	-6.4%
Gross profit	634	806	966	635	834	1,104	-0.1%	-3.4%	-12.5%
Attributable net profit	-26	-8	17	10	33	65	NA	NA	-74.1%
EPS (RMB)	-0.22	-0.06	0.14	0.19	0.19	0.36	NA	NA	-60.5%
Gross margin	52.69%	52.59%	52.55%	53.91%	55.04%	56.23%	-1.22 ppt	-2.44 ppt	-3.68 ppt
Net Margin	-2.16%	-0.49%	0.92%	0.85%	2.14%	3.33%	-3.01 ppt	-2.64 ppt	-2.41 ppt

Source: Company data, Wind, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**556**	**734**	**915**	**1,204**	**1,533**	**1,838**
Cost of goods sold	(241)	(330)	(453)	(569)	(727)	(872)
Gross profit	**315**	**404**	**462**	**634**	**806**	**966**
Selling expense	(163)	(192)	(207)	(265)	(326)	(379)
Admin expense	(113)	(96)	(102)	(126)	(153)	(175)
R&D expense	(264)	(272)	(245)	(313)	(388)	(456)
Other income	49	42	41	48	61	74
Other gains/(losses)	1	(0)	5	0	0	0
Interest expense	(1)	(6)	(11)	(10)	(10)	(11)
Others	(10)	(52)	(36)	0	0	0
Pre-tax profit	**(187)**	**(172)**	**(96)**	**(32)**	**(10)**	**19**
Income tax	33	34	30	5	2	(3)
After tax profit	**(154)**	**(138)**	**(66)**	**(27)**	**(9)**	**16**
Minority interest	(9)	(5)	(1)	(1)	(1)	(1)
Net profit	**(145)**	**(133)**	**(65)**	**(26)**	**(8)**	**17**
Adjusted net profit	**(57)**	**(45)**	**(11)**	**28**	**46**	**71**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**853**	**1,681**	**1,682**	**1,833**	**2,097**	**2,414**
Cash & equivalents	143	677	124	173	154	250
Restricted cash	6	11	2	3	4	5
Account receivables	533	796	1,082	1,169	1,405	1,584
Inventories	74	103	131	144	180	211
Financial assets at FVTPL	25	0	0	0	0	0
Other current assets	65	74	307	307	307	307
Contract assets	8	20	36	37	47	56
Non-current assets	**384**	**409**	**630**	**653**	**660**	**664**
PP&E	14	13	20	21	22	23
Right-of-use assets	2	8	5	2	(1)	(4)
Deferred income tax	106	140	168	168	168	168
Intangibles	158	146	179	172	165	158
Goodwill	24	24	24	24	24	24
Other non-current assets	81	78	233	266	282	295
Total assets	**1,238**	**2,090**	**2,312**	**2,487**	**2,757**	**3,078**
Current liabilities	**671**	**1,000**	**1,189**	**1,307**	**1,501**	**1,722**
Short-term borrowings	88	180	141	191	191	241
Account payables	380	521	684	741	926	1,087
Other current liabilities	163	266	334	334	334	334
Lease liabilities	1	5	4	4	4	4
Contract liabilities	40	29	27	37	47	56
Non-current liabilities	**17**	**103**	**175**	**175**	**175**	**175**
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	17	103	175	175	175	175
Total liabilities	**688**	**1,103**	**1,365**	**1,482**	**1,676**	**1,897**
Share capital	114	121	121	121	121	121
Other reserves	385	819	776	834	910	1,011
Minority interest	51	47	51	50	49	48
Total equity	**550**	**987**	**948**	**1,005**	**1,081**	**1,181**
Total equity and liabilities	**1,238**	**2,090**	**2,312**	**2,487**	**2,757**	**3,078**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(187)**	**(172)**	**(96)**	**(32)**	**(10)**	**19**
Depreciation & amortization	42	48	49	49	49	49
Tax paid	0	(0)	30	5	2	(3)
Change in working capital	(292)	(115)	(50)	(66)	(103)	(62)
Others	123	105	139	102	102	104
Net cash from operations	**(314)**	**(134)**	**73**	**58**	**40**	**107**
Investing						
Capital expenditure	(11)	(8)	(10)	(10)	(10)	(10)
Others	11	4	(568)	(39)	(39)	(39)
Net cash from investing	**0**	**(4)**	**(578)**	**(49)**	**(49)**	**(49)**
Financing						
Net borrowings	88	157	0	50	0	50
Proceeds from share issues	210	539	0	0	0	0
Others	(5)	(24)	(11)	(10)	(10)	(11)
Net cash from financing	**293**	**673**	**(11)**	**40**	**(10)**	**39**
Net change in cash						
Cash at the beginning of the year	163	143	677	124	173	154
Exchange difference	0	0	0	0	0	0
Cash at the end of the year	**143**	**677**	**160**	**173**	**154**	**250**
GROWTH	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Revenue	17.9%	32.0%	24.7%	31.6%	27.3%	19.9%
Gross profit	36.4%	28.4%	14.2%	37.4%	27.1%	19.8%
Adj. net profit	na	na	na	na	66.9%	53.2%
PROFITABILITY	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Gross profit margin	56.6%	55.1%	50.5%	52.7%	52.6%	52.5%
Adj. net profit margin	(10.2%)	(6.1%)	(1.2%)	2.3%	3.0%	3.8%
Return on equity (ROE)	(30.5%)	(17.3%)	(6.7%)	(2.7%)	(0.7%)	1.5%
GEARING/LIQUIDITY/ACTIVITIES	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Net debt to equity (x)	(0.1)	(0.4)	0.2	0.2	0.2	0.1
Current ratio (x)	1.3	1.7	1.4	1.4	1.4	1.4
VALUATION	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
P/E	ns	ns	ns	ns	ns	437.3
P/B	12.4	7.1	7.8	7.4	6.9	6.3
Div yield (%)	0.0	na	0.0	0.0	0.0	0.0

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.
Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.
CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

CMBIGM Ratings

BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIGM
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.
This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.
The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.
CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.
Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom
This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States
CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore
This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.