

# Xunfei Healthcare (2506 HK)

## GBC synergy to drive long-term growth

Xunfei Healthcare reported FY25 revenue of RMB 915mn (+24.7% YoY), ~4% below our estimates, mainly due to slower-than-expected G-end growth in 2H25. The deceleration of G-end growth (87% YoY in 1H25 vs. 4% YoY in 2H25) was primarily attributable to some centralized provincial procurement, which compressed per-district project pricing. Conversely, the B-end business recovered robustly in 2H25, with full-year growth of 31.1% YoY following a soft 1H25. Profitability beat our expectations as attributable net loss narrowed 51.1% YoY to RMB65mn, driven by improved operating leverage. Looking ahead, we think the Company is executing a clear strategy: solidifying G-end leadership, accelerating B-end hospital penetration, and leveraging GBC synergy to scale C-end patient services into a long-term growth engine.

■ **Rapid customer expansion driven by policy tailwinds.** Xunfei Healthcare continued to expand its client base in 2025, serving over 77,000 PHC institutions across 806 districts/counties and 600+ graded hospitals, up from 70,000+ PHCs, 670+ districts, and 500+ hospitals in end-2024. Notably, we see continued provincial replication in 2025. For example, the Company achieved full coverage of its General Practice CDSS across all 90 counties in Zhejiang, covering 1,405 PHC institutions, and secured its first out-of-Anhui provincial imaging cloud platform project in Guangxi. With strengthening policy support for AI-assisted diagnosis, we expect continued geographic expansion and deepening market penetration across PHC institutions and hospitals.

■ **GBC synergy to drive long-term resilient revenue growth.** C-end patient management services revenue increased 29% YoY to RMB273mn, accounting for ~30% of total revenue. In our view, C-end business is strategically important because it shifts Xunfei Healthcare from project-based government/hospital procurement toward a more recurring patient-paid business. Leveraging trust built through its G- and B-end businesses such as Digital and Intelligent Family Doctor and hospital solutions, the Company is converting hospital traffic into consumer applications such as Xunfei Xiaoyi and AI-enabled post-discharge management. Early pilots of Digital and Intelligent Family Doctor in Shanghai and Shenzhen Longhua, along with the AI-enabled post-discharge management at Qilu Hospital suggested encouraging adoption. In 2025, the communication conversion rate for paying patients reached 50% and NPS improved from 35% to 50%. With ~300 million annual hospital discharges, the institutional-led traffic acquisition will establish a massive operating base for C-end monetization.

■ **Maintain BUY.** We maintain BUY based on Xunfei Healthcare's leadership in China's medical AI market. However, given the limited visibility regarding government procurement and project rollout pacing, we lower our 2025-28E revenue CAGR forecasts from 22.4% to 20.5%. And to factor in broader sector de-rating, we lower our target multiple to peer-aligned levels. We revise our target price to HK\$92.55, based on 9x 2026E P/S.

### Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	734	915	1,119	1,347	1,599
YoY growth (%)	32.0	24.7	22.3	20.4	18.7
Attributable net profit (RMB mn)	(133)	(65)	(40)	(21)	3
YoY growth (%)	na	na	na	na	na
EPS (RMB cents)	(1.16)	(0.54)	(0.33)	(0.17)	0.03
P/S (x)	10.1	8.1	6.6	5.5	4.6
Net gearing (%)	(44.0)	16.6	10.7	9.1	4.5

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

<b>Target Price</b>	<b>HK\$92.55</b>
(Previous TP)	HK\$143.59
<b>Up/Downside</b>	<b>33.0%</b>
<b>Current Price</b>	<b>HK\$69.60</b>

### 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)	8,413.1
Avg 3 mths t/o (HK\$ mn)	33.2
52w High/Low (HK\$)	133.40/66.60
Total Issued Shares (mn)	120.9

Source: FactSet

### Shareholding Structure

iFlytek	49.4%
Hefei Zhengsheng	16.1%

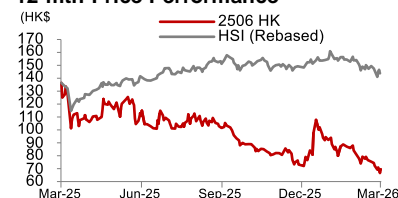
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-14.8%	-9.1%
3-mth	-3.3%	0.0%
6-mth	-31.4%	-28.2%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

**Figure 1: Earnings revision**

RMB mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	1,119	1,347	1,599	1,202	1,466	1,748	-6.9%	-8.1%	-8.5%
Gross profit	572	693	828	636	780	936	-10.1%	-11.2%	-11.5%
Attributable net profit	-40	-21	3	-24	56	123	NA	NA	-97.3%
EPS (RMB)	-0.33	-0.17	0.03	-0.20	0.46	1.01	63.9%	-137.7%	-97.3%
Gross margin	51.09%	51.42%	51.79%	54.46%	53.66%	52.90%	-3.37 ppt	-2.24 ppt	-1.11 ppt
Net margin	-3.57%	-1.56%	0.21%	-8.10%	-2.01%	3.80%	+4.52 ppt	+0.45 ppt	-3.59 ppt

Source: Company data, CMBIGM estimates

**Figure 2: Peer comparison**

Company	Ticker	Rating	Price (LC)	Market Cap (US\$m)	Revenue (US\$m)		YoY (%)		PS (x)	
					2026E	2027E	2026E	2027E	2026E	2027E
<b>Overseas market</b>										
Tempus AI	TEM US	NA	73.3	12,731	1,592	1,942	25%	22%	5.1	4.2
Doximity Inc	DOCS US	NA	64.4	12,055	643	701	13%	9%	7.0	6.4
Veeva Systems Inc	VEEV US	NA	284.0	46,412	3,170	3,596	15%	13%	9.2	8.1
Salesforce	CRM US	NA	246.5	235,606	41,490	46,122	9%	11%	4.1	3.7
Recursion Pharmaceuticals	RXR US	NA	4.8	2,071	85	116	14%	37%	19.5	14.3
<b>Average</b>							<b>15%</b>	<b>18%</b>	<b>9.0</b>	<b>7.3</b>
<b>H &amp; A share market</b>										
Medlive	2192 HK	NA	14.2	1,331	126	159	41%	26%	6.1	4.8
XtalPi	2228 HK	BUY	8.8	4,522	142	208	27%	47%	37.4	25.4
Yidu Tech	2158 HK	NA	6.5	889	117	138	19%	17%	5.6	4.7
Winning Health	300253 CH	NA	10.6	3,260	375	433	15%	15%	7.1	6.2
B-Soft	300451 CH	NA	5.6	1,198	189	209	11%	11%	5.4	4.9
<b>Average</b>							<b>22%</b>	<b>23%</b>	<b>12.3</b>	<b>9.2</b>
<b>Overall average</b>									<b>10.6</b>	<b>8.3</b>

Source: Bloomberg, CMBIGM estimates

Note: data as of 27 Mar 2026

**Fig 3: CMBIGM estimates vs consensus**

RMB mn	CMBI			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	1,119	1,347	1,599	1,257	1,612	2,043	-11.0%	-16.4%	-21.7%
Gross profit	572	693	828	701	904	1,094	-18.5%	-23.3%	-24.3%
Attributable net profit	-40	-21	3	-15	58	NA	NA	NA	NA
EPS (RMB)	-0.33	-0.17	0.03	NA	NA	NA	NA	NA	NA
Gross margin	51.09%	51.42%	51.79%	55.77%	56.05%	53.53%	-4.68 ppt	-4.63 ppt	-1.73 ppt
Net Margin	-3.57%	-1.56%	0.21%	-1.22%	3.57%	NA	-2.35 ppt	-5.13 ppt	NA

Source: Company data, Wind, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
<b>Revenue</b>	<b>556</b>	<b>734</b>	<b>915</b>	<b>1,119</b>	<b>1,347</b>	<b>1,599</b>
Cost of goods sold	(241)	(330)	(453)	(547)	(654)	(771)
<b>Gross profit</b>	<b>315</b>	<b>404</b>	<b>462</b>	<b>572</b>	<b>693</b>	<b>828</b>
Selling expense	(163)	(192)	(207)	(246)	(287)	(329)
Admin expense	(113)	(96)	(102)	(117)	(135)	(152)
R&D expense	(264)	(272)	(245)	(291)	(341)	(397)
Other income	49	42	41	45	54	64
Other gains/(losses)	1	(0)	5	0	0	0
Interest expense	(1)	(6)	(11)	(10)	(10)	(11)
Others	(10)	(52)	(36)	0	0	0
<b>Pre-tax profit</b>	<b>(187)</b>	<b>(172)</b>	<b>(96)</b>	<b>(48)</b>	<b>(26)</b>	<b>3</b>
Income tax	33	34	30	7	4	(0)
<b>After tax profit</b>	<b>(154)</b>	<b>(138)</b>	<b>(66)</b>	<b>(41)</b>	<b>(22)</b>	<b>2</b>
Minority interest	(9)	(5)	(1)	(1)	(1)	(1)
<b>Attributable net profit</b>	<b>(145)</b>	<b>(133)</b>	<b>(65)</b>	<b>(40)</b>	<b>(21)</b>	<b>3</b>

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
<b>Current assets</b>	<b>853</b>	<b>1,681</b>	<b>1,682</b>	<b>1,793</b>	<b>1,983</b>	<b>2,253</b>
Cash & equivalents	143	677	124	223	233	327
Restricted cash	6	11	2	3	4	5
Account receivables	533	796	1,082	1,087	1,234	1,378
Inventories	74	103	131	138	162	187
Financial assets at FVTPL	25	0	0	0	0	0
Other current assets	65	74	307	307	307	307
Contract assets	8	20	36	34	41	49
<b>Non-current assets</b>	<b>384</b>	<b>409</b>	<b>630</b>	<b>648</b>	<b>649</b>	<b>650</b>
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	261	271	282
<b>Total assets</b>	<b>1,238</b>	<b>2,090</b>	<b>2,312</b>	<b>2,441</b>	<b>2,632</b>	<b>2,903</b>
<b>Current liabilities</b>	<b>671</b>	<b>1,000</b>	<b>1,189</b>	<b>1,275</b>	<b>1,403</b>	<b>1,589</b>
Short-term borrowings	88	180	141	191	191	241
Account payables	380	521	684	712	834	961
Other current liabilities	163	266	334	334	334	334
Lease liabilities	1	5	4	4	4	4
Contract liabilities	40	29	27	34	41	49
<b>Non-current liabilities</b>	<b>17</b>	<b>103</b>	<b>175</b>	<b>175</b>	<b>175</b>	<b>175</b>
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	17	103	175	175	175	175
<b>Total liabilities</b>	<b>688</b>	<b>1,103</b>	<b>1,365</b>	<b>1,450</b>	<b>1,579</b>	<b>1,764</b>
Share capital	114	121	121	121	121	121
Other reserves	385	819	776	820	883	970
Minority interest	51	47	51	50	49	48
<b>Total shareholders equity</b>	<b>550</b>	<b>987</b>	<b>948</b>	<b>991</b>	<b>1,053</b>	<b>1,140</b>
<b>Total equity and liabilities</b>	<b>1,238</b>	<b>2,090</b>	<b>2,312</b>	<b>2,441</b>	<b>2,632</b>	<b>2,903</b>

<b>CASH FLOW</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
<b>Profit before taxation</b>	<b>(187)</b>	<b>(172)</b>	<b>(96)</b>	<b>(48)</b>	<b>(26)</b>	<b>3</b>
Depreciation & amortization	42	48	49	49	49	49
Tax paid	0	(0)	30	7	4	(0)
Change in working capital	(292)	(115)	(50)	(2)	(60)	(51)
Others	123	105	139	102	102	104
<b>Net cash from operations</b>	<b>(314)</b>	<b>(134)</b>	<b>73</b>	<b>109</b>	<b>69</b>	<b>104</b>
<b>Investing</b>						
Capital expenditure	(11)	(8)	(10)	(10)	(10)	(10)
Others	11	4	(568)	(39)	(39)	(39)
<b>Net cash from investing</b>	<b>0</b>	<b>(4)</b>	<b>(578)</b>	<b>(49)</b>	<b>(49)</b>	<b>(49)</b>
<b>Financing</b>						
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)
<b>Net cash from financing</b>	<b>293</b>	<b>673</b>	<b>(11)</b>	<b>40</b>	<b>(10)</b>	<b>39</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	163	143	677	124	223	233
Exchange difference	0	0	0	0	0	0
<b>Cash at the end of the year</b>	<b>143</b>	<b>677</b>	<b>160</b>	<b>223</b>	<b>233</b>	<b>327</b>
<b>GROWTH</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Revenue	17.9%	32.0%	24.7%	22.3%	20.4%	18.7%
Gross profit	36.4%	28.4%	14.2%	23.8%	21.2%	19.6%
Adj. net profit	na	na	na	na	138.2%	74.7%
<b>PROFITABILITY</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Gross profit margin	56.6%	55.1%	50.5%	51.1%	51.4%	51.8%
Adj. net profit margin	(10.2%)	(6.1%)	(1.2%)	1.2%	2.4%	3.6%
Return on equity (ROE)	(30.5%)	(17.3%)	(6.7%)	(4.1%)	(2.1%)	0.3%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.1)	(0.4)	0.2	0.1	0.1	0.0
Current ratio (x)	1.3	1.7	1.4	1.4	1.4	1.4
<b>VALUATION</b>	<b>2023A</b>	<b>2024A</b>	<b>2025A</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
<b>YE 31 Dec</b>						
P/E	ns	ns	ns	ns	ns	2,210.7
P/B	12.4	7.1	7.8	7.5	7.0	6.5
P/S	13.6	10.3	8.3	6.8	5.6	4.7
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

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