26 Aug 2026

CMB International Global Markets | Equity Research | Company Update

Haizhi Technology (2706 HK)

1H26 review: robust revenue growth on upgrade of Agent Harness solutions

Haizhi announced 1H26 results: total revenue increased by 70% YoY to RMB296mn (FY25: +23% YoY), mainly driven by the robust growth of Atlas AI agent revenue (+136% YoY). Adjusted net loss narrowed by 32% YoY to RMB19.6mn, primarily thanks to gross margin expansion and operating leverage. Supported by the continuous technological upgrade and platformization of Atlas Harness, we are upbeat that the company will continue to benefit from the rising enterprise demand for AI agents. We raise our FY26-28 total revenue forecasts by 4-5% in view of the robust AI demand and Haizhi's strong execution. We lift our target price by 4% to HK$88.0 based on unchanged multiple of 34x FY26E PS. Maintain BUY**.**

- **Strong 1H26 revenue growth.** By segment in 1H26: 1) revenue from Atlas Graph Solution grew by 45% YoY to RMB181mn (61% of total revenue), primarily driven by the customer base expansion and upselling. The company served 59 Graph Solution customers in 1H26, with an average revenue per customer of RMB3.1mn (vs. RMB2.8mn in FY25). The company continued to strengthen its position in key sectors including public services, finance and energy; 2) revenue from Atlas AI agent was up by 136% YoY to RMB115mn (39% of total revenue), supported by the strong momentum in repeat purchases and new customer acquisition. The number of AI Agent customers reached 29 in 1H26, with the customer conversion rate from Atlas Graph Solution to Atlas AI Agent reaching 69%. Beyond core sectors, the company expanded its AI Agent customer reach into new sectors such as mining, telecommunications and manufacturing.
- **Upgraded to industrial-grade Agent Harness solutions.** The company continued to improve and upgrade its AI agent offerings: 1) deepening cooperation with leading enterprises across the AI industry, such as Hygon Information (compute power), Z.AI (LLM), and Bank of Ningbo (AI application scenarios). Haizhi will cooperate with Z.AI in areas such as model training and application scenario deployment; 2) upgrading Atlas Harness from a single-task Agent orchestration framework to an industrial-grade Agent Runtime and standardized operating platform. Atlas Harness can evolve from project-level engineering capabilities into reusable and evolving infrastructure for industrial-grade agents; 3) upgrading Atlas Graph Database into a multi-model database that natively supports unified analysis across various data types. Supported by the technological upgrades, we are upbeat that the company will continue to strengthen its positioning in China's enterprise AI agent market.
- **Improving profitability.** Haizhi's overall GPM expanded by 6.2ppts YoY to 44.7% in 1H26, primarily thanks to the favourable revenue mix shift to higher-margin Atlas AI Agent business and the improved efficiency of project deployment. Adjusted net margin also improved by 10ppts YoY to -6.6% in FY26. Looking ahead, we expect further margin improvement over FY26-28E, supported by the standardization of its AI solutions and operating leverage.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	503	621	908	1,179	1,407
Adjusted net profit (RMB mn)	16.9	24.1	55.9	86.9	129.8
EPS (Adjusted) (RMB cents)	na	6.48	13.84	21.50	32.10
P/S (x)	36.3	29.4	20.1	15.5	13.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$88.00**
(Previous TP	HK$84.50)
Up/Downside	**67.0%**
Current Price	**HK$52.70**

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Stock Data

Mkt Cap (HK$ mn)	21,302.5
Avg 3 mths t/o (HK$ mn)	190.4
52w High/Low (HK$)	NA/NA
Total Issued Shares (mn)	404.2

Source: FactSet

Shareholding Structure

Legend Capital	12.7%
Haikuo Fenxiang	9.9%

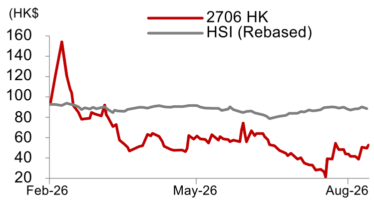
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	88.2%	84.2%
3-mth	-16.2%	-15.9%
6-mth	-51.2%	-48.8%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

Figure 1: Haizhi: forecast revision

US$ mn	Current			Previous			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	908	1,179	1,407	876	1,126	1,342	3.6%	4.7%	4.8%
Gross profit	409	548	666	396	526	640	3.2%	4.1%	4.0%
Adjusted net profit	56	87	130	54	84	104	3.0%	3.3%	24.7%
Adjusted EPS (RMB)	0.1	0.2	0.3	0.1	0.2	0.3	2.0%	2.3%	23.5%
Gross margin	45.1%	46.4%	47.3%	45.3%	46.7%	47.7%	-0.2 ppt	-0.3 ppt	-0.4 ppt
Adjusted net margin	6.2%	7.4%	9.2%	6.2%	7.5%	7.8%	0.0 ppt	-0.1 ppt	1.5 ppt

Source: CMBIGM estimates

Valuation

We derive the equity value of Haizhi from the average PS of enterprise AI solution companies. Our target price of HK$88.0 is based on 34x FY26E PS (total valuation of HK$35.6bn), which is at a premium to the multiples of China's AI agent solution providers but at a discount to that of Palantir, mainly reflecting Haizhi's strong positioning in China's enterprise AI agent market and its comprehensive AI agent solutions.

Figure 2: Valuation assumptions

	Unit	FY26E
FY26E sales	RMBmn	908
Target PS	(x)	34.0
Equity value	RMBmn	30,873
Equity value	**HK$mn**	**35,568**
Number of shares	mn	404
Target price	**HK$**	**88.0**

Source: Company data, CMBIGM estimates
Note: RMB0.87 = HK$1

Figure 3: Enterprise AI & data solution: peer valuation

Companies	Ticker	Price	PS		Sales YoY (%)		Sales CAGR
		(LC)	2026E	2027E	2026E	2027E	2025-2027E
Palantir	PLTR US	146.4	35.9	23.8	84%	51%	66%
Xunce	3317 HK	325.4	12.9	8.1	87%	59%	72%
Mininglamp	2718 HK	216.6	6.5	4.8	36%	35%	36%
Average			**18.4**	**12.3**			

Source: Bloomberg, CMBIGM
Note: Price as of market close on 25 Aug

Risks

Intensifying competition; R&D and S&M investment impact margin; softening enterprise AI demand.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**376**	**503**	**621**	**908**	**1,179**	**1,407**
Cost of goods sold	(243)	(321)	(352)	(499)	(631)	(741)
Gross profit	**132**	**182**	**269**	**409**	**548**	**666**
Operating expenses	**(335)**	**(179)**	**(326)**	**(432)**	**(500)**	**(562)**
Selling expense	(86)	(68)	(88)	(104)	(124)	(141)
Admin expense	(170)	(56)	(123)	(163)	(177)	(183)
R&D expense	(73)	(61)	(100)	(153)	(192)	(229)
Others	(6)	5	(16)	(11)	(7)	(9)
Operating profit	**(202)**	**3**	**(57)**	**(23)**	**48**	**104**
Gain/loss on financial assets at FVTPL	0	0	2	0	0	0
Interest expense	(1)	(0)	(1)	(1)	(1)	(1)
Others	(69)	(98)	(147)	0	0	0
Pre-tax profit	**(272)**	**(95)**	**(203)**	**(23)**	**47**	**103**
Income tax	6	1	(2)	(2)	(7)	(15)
After tax profit	**(266)**	**(94)**	**(205)**	**(25)**	**40**	**88**
Net profit	**(266)**	**(94)**	**(205)**	**(25)**	**40**	**88**
Adjusted net profit	**(84)**	**17**	**24**	**56**	**87**	**130**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**1,022**	**597**	**887**	**1,559**	**1,698**	**1,857**
Cash & equivalents	198	176	443	1,024	1,118	1,272
Restricted cash	3	105	22	22	22	22
Account receivables	113	201	292	342	355	339
Inventories	127	75	78	111	140	165
Prepayment	558	18	26	31	32	30
Contract assets	23	21	25	30	31	29
Non-current assets	**41**	**36**	**49**	**58**	**67**	**75**
PP&E	3	2	7	12	20	28
Right-of-use assets	17	7	11	12	12	13
Deferred income tax	15	16	13	13	13	13
Investment in JVs & assos	0	1	1	1	1	1
Other non-current assets	6	10	17	20	20	19
Total assets	**1,063**	**634**	**936**	**1,617**	**1,765**	**1,932**
Current liabilities	**2,275**	**1,974**	**2,368**	**388**	**448**	**485**
Account payables	73	119	143	202	256	301
Other current liabilities	2,040	1,764	2,130	75	77	74
Lease liabilities	4	3	3	3	3	3
Contract liabilities	158	89	92	108	112	107
Non-current liabilities	**21**	**10**	**20**	**20**	**21**	**21**
Deferred income	8	4	11	11	11	11
Other non-current liabilities	13	5	9	9	10	10
Total liabilities	**2,296**	**1,984**	**2,388**	**408**	**469**	**506**
Share capital	32	33	37	37	37	37
Other reserves	(1,266)	(1,384)	(1,489)	1,172	1,259	1,388
Total shareholders equity	**(1,234)**	**(1,351)**	**(1,451)**	**1,209**	**1,296**	**1,426**
Total equity and liabilities	**1,063**	**634**	**936**	**1,617**	**1,765**	**1,932**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(272)**	**(95)**	**(203)**	**(23)**	**47**	**103**
Depreciation & amortization	5	5	5	1	1	1
Tax paid	0	(1)	0	(2)	(7)	(15)
Change in working capital	(70)	(65)	(82)	(10)	15	32
Others	196	117	224	46	48	43
Net cash from operations	**(140)**	**(39)**	**(55)**	**12**	**103**	**164**
Investing						
Capital expenditure	(1)	(2)	(6)	(6)	(8)	(10)
Others	0	0	(18)	0	0	0
Net cash from investing	**(1)**	**(2)**	**(24)**	**(6)**	**(8)**	**(10)**
Financing						
Proceeds from share issues	251	30	350	577	0	0
Others	6	(11)	(4)	(1)	(1)	(1)
Net cash from financing	**256**	**19**	**346**	**576**	**(1)**	**(1)**
Net change in cash						
Cash at the beginning of the year	81	198	176	443	1,024	1,118
Exchange difference	1	(1)	(0)	0	0	0
Cash at the end of the year	**198**	**176**	**443**	**1,024**	**1,118**	**1,272**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	20.0%	34.0%	23.4%	46.2%	29.9%	19.3%
Gross profit	36.5%	37.9%	47.5%	52.1%	33.8%	21.6%
Operating profit	na	na	na	na	na	118.3%
Net profit	na	na	na	na	na	120.2%
Adj. net profit	na	na	42.6%	131.6%	55.4%	49.3%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	35.2%	36.3%	43.3%	45.1%	46.4%	47.3%
Operating margin	(53.9%)	0.7%	(9.2%)	(2.5%)	4.0%	7.4%
Adj. net profit margin	(22.3%)	3.4%	3.9%	6.2%	7.4%	9.2%
Return on equity (ROE)	na	na	na	na	3.2%	6.4%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	0.4	0.3	0.4	4.0	3.8	3.8
Receivable turnover days	35.2	33.4	31.8	30.2	28.7	27.2
Inventory turnover days	3.1	3.1	3.1	3.1	3.1	3.1
Payable turnover days	26.6	26.6	26.6	26.6	26.6	26.6

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	na	na	ns	ns	459.5	208.7

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

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