

Rimag Group (2522 HK)

Medical imaging data standardization empowers AI applications

■ **Standardizing medical imaging data is pivotal for advancing AI-driven healthcare solutions.** Current limitations in healthcare AI development stem from insufficient high-quality datasets. China has been accelerating nationwide sharing of medical imaging data. The NHTSA mandated nationwide mutual recognition of medical imaging results and announced the *Medical Insurance Imaging Cloud Index plan* (“医保影像云索引”方案) in Feb 2025. Since 2021, Rimag has spearheaded code standardization of medical imaging examinations across its imaging center network via the Rimag Cloud platform. In early 2024, Rimag published the *Standard for the Naming and Coding of Medical Imaging Examination Items* (医学影像检查项目名称及编码标准). The government's ongoing efforts of medical imaging sharing and standardization are projected to amplify Rimag's competitive edge among regional medical institutions. Moreover, leveraging its dual role as a third-party imaging service provider owning 105 medical imaging centers (as of June 30, 2024), and data standardization pioneer, Rimag makes its imaging data assets a critical substrate for AI innovation in clinical practice. Maintain BUY with a new TP of HK\$52.39, based on 16x 2025E PS.

■ **MIIA, a multimodal radiological foundation model.** Medical Image Insights (影禾医脉), a subsidiary of Rimag, introduced the MIIA Radiological Foundation Model (“MIIA”, “影禾觅芽™”医学影像 LO 基座模型) in Jan 2025. Conventional medical imaging AI products are generally targeted at single diseases and imaging modalities (e.g., CT-based lung nodule detection), and cannot meet the comprehensive diagnostic needs of clinical practice. MIIA models are trained on extensive datasets including diverse imaging modalities (CT, MR, etc.) and organs using self-supervised learning. Therefore, MIIA demonstrates adaptability across multiple medical imaging tasks such as disease detection and lesion segmentation. While MIIA isn't projected to generate direct revenue to Rimag, its strategic importance lies in enabling future AI-driven tools that will enhance Rimag's medical imaging service ecosystem through improved diagnostic capabilities and workflow optimization.

■ **Strategic collaboration with leading healthcare AI company underscores Rimag's data asset potential.** Rimag and Xunfei Healthcare have entered into a strategic cooperation agreement to deepen the Company's strategic positioning in the AI-enabled healthcare. This partnership encompasses five key initiatives: 1) joint development of business market in advantageous regions, 2) in-depth collaboration in advantageous products, 3) exploration of regional medical trusted data spaces, 4) research of large models, and 5) exploration of intelligent health management businesses. We think the collaboration demonstrates Rimag's medical imaging repositories and data management experience constitutes strategic assets in advancing medical AI innovation.

■ **Maintain BUY.** We are positive on Rimag given the future empowerment of AI to Rimag's business and the strategic valuation of its medical imaging repositories in AI healthcare applications. “AI+Healthcare” peers such as Xunfei Health adopted PS valuation; thus, we switched to use PS ratio for company valuation. We derive a target price of HK\$52.39 based on 16x 2025E PS, supported by comparable valuations for AI-enabled medical companies.

Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (RMB mn)	784	929	890	1,050	1,269
YoY growth (%)	32.5	18.4	(4.2)	18.0	20.9
Net profit (RMB mn)	(15)	37	(15)	38	64
EPS (Reported) (RMB cents)	0.00	0.00	(4.18)	10.78	17.96
P/S (x)	19.1	16.1	16.8	14.3	11.8
P/E (x)	ns	ns	ns	389.9	234.0
Net gearing (%)	11.2	15.3	3.0	10.1	16.2

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$52.39
 (Previous TP) HK\$21.41
Up/Downside 16.3%
Current Price HK\$45.05

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Stock Data

Mkt Cap (HK\$ mn)	16,051.8
Avg 3 mths t/o (HK\$ mn)	4.1
52w High/Low (HK\$)	NA/NA
Total Issued Shares (mn)	356.3

Source: FactSet

Shareholding Structure

Nanchang Rimag	11.5%
Beijing GS	8.7%

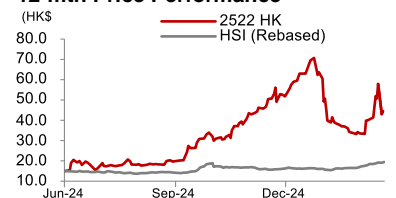
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	21.8%	2.7%
3-mth	-13.3%	-30.2%
6-mth	147.8%	85.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Peer comparison

Company	Ticker	Rating	Market cap (US\$m)	Price (LC)	Consensus revenue (US\$m)		Revenue growth (%)		PS (x)	
					FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Overseas										
Tempus Ai Inc	TEM US	NA	10,722	62.3	697	1,197	31%	72%	15.4	9.0
Doximity Inc	DOCS US	NA	13,679	72.9	474	566	13%	19%	28.9	24.2
Veeva Systems Inc	VEEV US	NA	36,891	227.2	2,354	2,725	9%	16%	15.7	13.5
Teladoc Health Inc	TDOC US	NA	1,892	11.0	2,567	2,538	-1%	-1%	0.7	0.7
Hims & Hers Health Inc	HIMS US	NA	9,307	41.9	1,466	2,270	68%	55%	6.3	4.1
Salesforce Inc	CRM US	NA	294,115	307.3	34,796	37,954	11%	9%	8.5	7.7
Recursion Pharmaceuticals	RXR US	NA	3,259	8.3	68	84	52%	23%	48.0	38.9
Average							26%	28%	17.6	14.0
H Share										
Xunfei Healthcare	2506 HK	NA	2,035	130.9	-	-	-	-	-	-
Medlive Technology	2192 HK	NA	1,216	12.9	76	97	30%	28%	15.6	12.2
Xtalpi Holdings	2228 HK	BUY	3,945	7.6	36	61	45%	73%	111.6	64.7
Yidu Tech	2158 HK	NA	992	7.3	114	109	-3%	-5%	8.7	9.1
Airdoc Technology	2251 HK	NA	174	13.1	34	48	18%	42%	5.2	3.7
Average							23%	34%	35.3	22.4

Source: Bloomberg, CMBIGM estimates; data as of 27 Feb, 2025, 10:30 AM.

Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Revenue	592	784	929	890	1,050	1,269
Cost of goods sold	(417)	(547)	(596)	(566)	(656)	(778)
Gross profit	175	237	333	324	394	491
Selling expense	(76)	(49)	(66)	(71)	(84)	(102)
Admin expense	(390)	(145)	(182)	(200)	(231)	(273)
R&D expense	(12)	(11)	(13)	(12)	(14)	(16)
Others	(11)	(4)	(17)	0	0	0
Other income	7	7	11	0	0	0
Other gains/(losses)	8	3	6	(35)	0	0
Operating profit	(298)	39	72	5	66	101
Net Interest income/(expense)	(61)	(33)	(22)	(23)	(20)	(26)
Others	(4)	(5)	(7)	0	0	0
Pre-tax profit	(363)	1	43	(18)	45	75
Income tax	(19)	(16)	(7)	3	(7)	(11)
Minority interest	(21)	(15)	(8)	0	0	0
Net profit	(382)	(15)	37	(15)	38	64
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Current assets	848	733	620	865	760	830
Cash & equivalents	490	340	189	440	279	274
Account receivables	178	264	309	284	320	370
Inventories	7	7	5	5	5	6
Prepayment	162	111	86	105	124	150
Financial assets at FVTPL	0	0	3	3	3	3
Other current assets	12	12	28	28	28	28
Non-current assets	1,208	1,256	1,258	1,382	1,489	1,602
PP&E	822	767	741	859	961	1,068
Deferred income tax	5	7	24	24	24	24
Intangibles	31	32	46	46	46	45
Financial assets at FVTPL	0	50	54	54	54	54
Other non-current assets	350	400	393	398	405	411
Total assets	2,056	1,989	1,879	2,246	2,249	2,432
Current liabilities	368	397	316	456	420	540
Short-term borrowings	174	187	125	225	175	275
Account payables	27	19	23	23	29	36
Other current liabilities	166	191	168	207	216	228
Non-current liabilities	385	276	227	227	227	227
Long-term borrowings	208	165	85	85	85	85
Other non-current liabilities	177	111	142	142	142	142
Total liabilities	752	673	544	683	647	767
Share capital	338	338	338	338	338	338
Others	931	934	954	1,182	1,221	1,285
Total shareholders equity	1,269	1,273	1,293	1,521	1,559	1,623
Minority interest	34	44	42	42	42	42
Total equity and liabilities	2,056	1,989	1,879	2,246	2,249	2,432

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(363)	1	43	(18)	45	75
Depreciation & amortization	153	170	188	98	114	109
Tax paid	(11)	(13)	(11)	3	(7)	(11)
Change in working capital	(132)	(13)	(72)	56	(43)	(62)
Others	370	54	53	20	27	37
Net cash from operations	18	198	201	159	136	147
Investing						
Capital expenditure	(138)	(267)	(92)	(200)	(200)	(200)
Acquisition of subsidiaries/ investments	(8)	0	(2)	0	0	0
Others	(5)	16	(22)	(22)	(22)	(22)
Net cash from investing	(151)	(252)	(117)	(222)	(222)	(222)
Financing						
Net borrowings	(17)	34	(45)	100	(50)	100
Proceeds from share issues	629	0	0	243	0	0
Others	(159)	(130)	(191)	(29)	(26)	(31)
Net cash from financing	453	(96)	(236)	314	(76)	69
Net change in cash						
Cash at the beginning of the year	170	490	340	189	440	279
Exchange difference	0	0	0	0	0	0
Cash at the end of the year	490	340	189	440	279	274
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	18.1%	32.5%	18.4%	(4.2%)	18.0%	20.9%
Gross profit	11.7%	35.3%	40.4%	(2.6%)	21.7%	24.6%
Operating profit	na	na	85.5%	(93.0%)	1,205.1%	53.8%
Net profit	na	na	na	na	na	66.6%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	29.6%	30.2%	35.8%	36.4%	37.6%	38.7%
Operating margin	(50.3%)	5.0%	7.8%	0.6%	6.3%	8.0%
Return on equity (ROE)	(83.1%)	(1.2%)	2.9%	(1.1%)	2.5%	4.0%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Net debt to equity (x)	0.1	0.1	0.2	0.0	0.1	0.2
Current ratio (x)	2.3	1.8	2.0	1.9	1.8	1.5
Receivable turnover days	100.3	122.8	121.3	116.3	111.3	106.3
Inventory turnover days	5.5	4.5	3.3	3.1	2.9	2.8
Payable turnover days	26.2	12.8	14.4	15.0	16.0	17.0
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	ns	ns	ns	ns	389.9	234.0
P/E (diluted)	ns	ns	ns	ns	389.9	234.0
P/S	25.2	19.1	16.1	16.8	14.3	11.8

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

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