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New Horizon Health Limited
諾輝健康

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6606)

POSITIVE PROFIT ALERT

This announcement is made by New Horizon Health Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong).

The Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the Group’s unaudited management accounts for the year ended December 31, 2022, the total revenue of the Group for the year ended December 31, 2022 is expected to be within the range of RMB750.5 million to RMB782.5 million, representing an increase in the range of 252.7% to 267.7% from approximately RMB212.8 million for the year ended December 31, 2021. The gross profit of the Group for the year ended December 31, 2022 is expected to be within the range of RMB638.8 million to RMB656.3 million, representing an increase in the range of 313.2% to 324.5% from approximately RMB154.6 million for the year ended December 31, 2021. The increase in total revenue and gross profit was mainly due to the increased revenue and the gross profit of our products, namely, ColoClear and Pupu Tube, as well as new product launch of UU Tube in January 2022. In particular,

- i. the revenue from sales of ColoClear for the year ended December 31, 2022 is expected to be within the range of RMB352.1 million to RMB370.1 million, representing an increase in the range of 262.2% to 280.8% from approximately RMB97.2 million for the year ended December 31, 2021. The gross profit from sales of ColoClear for the year ended December 31, 2022 is expected to be within the range of RMB298.5 million to RMB304.5 million, representing an increase in the range of 303.9% to 312.0% from approximately RMB73.9 million for the year ended December 31, 2021. The increase in the revenue and gross profit from sales of ColoClear is due to (a) the increase in volume of ColoClear sold and recognized as revenue; and (b) the increase in revenue per test due to higher proportion of revenue generated from channels with more favorable revenue per test (such as hospital and direct-to-consumer channels). Specifically, from preliminary review of the Group’s unaudited management accounts for the year ended December 31, 2022, hospital channel has become the largest revenue contributor and the fastest growing channel for ColoClear, followed by direct-to-consumer channel and then health checkup centers;

- ii. the revenue from sales of Pupu Tube for the year ended December 31, 2022 is expected to be within the range of RMB195.6 million to RMB202.6 million, representing an increase in the range of 69.4% to 75.4% from approximately RMB115.5 million for the year ended December 31, 2021. The gross profit from sales of Pupu Tube for the year ended December 31, 2022 is expected to be within the range of RMB160.1 million to RMB166.1 million, representing an increase in the range of 93.8% to 101.1% from approximately RMB82.6 million for the year ended December 31, 2021. The increase in the revenue and gross profit from sales of Pupu Tube is due to (a) the increase in volume of Pupu Tube sold and recognized as revenue; and (b) higher revenue per product in direct-to-consumer channel and health checkup centers; and
- iii. the revenue from sales of UU Tube since product launch in January 2022 is expected to be within the range of RMB202.8 million to RMB209.8 million. The gross profit from sales of UU Tube for the year ended December 31, 2022 is expected to be within the range of RMB183.8 million to RMB189.8 million.

The gross profit margin of the Company for the year ended December 31, 2022 is expected to be within the range of 81.6% to 87.4%, representing a trend of increase compared to approximately 72.7% for the year ended December 31, 2021. The increase in our overall gross profit margin was mainly due to the increased gross profit margin of both ColoClear and Pupu Tube, as well as attractive gross profit margin of UU Tube. In particular,

- i. the gross profit margin for ColoClear for the year ended December 31, 2022 is expected to be within the range of 80.7% to 86.5%, representing a significant increase compared to approximately 76.0% for the year ended December 31, 2021 due to (a) lower cost per test thanks to economics of scale; (b) higher revenue per test within hospital and direct-to-consumer channel; and (c) more favorable channel mix where increased proportion of revenue came from hospital and direct-to-consumer channels which have higher revenue per test. Specifically, from preliminary review of the Group's unaudited management accounts for the year ended December 31, 2022, hospital channel has become the largest revenue contributor and the fastest growing channel for ColoClear, followed by direct-to-consumer channel and then health checkup centers;
- ii. the gross profit margin for Pupu Tube for the year ended December 31, 2022 is expected to be within the range of 79.0% to 84.9%, representing a significant increase compared to approximately 71.5% for the year ended December 31, 2021 due to higher revenue per test (both on blended basis and for each individual channel) and lower manufacturing cost per unit; and
- iii. the gross profit margin for UU Tube for the year ended December 31, 2022 is expected to be within the range of 87.6% to 93.6%.

As of December 31, 2022, the balance of cash and selected financial assets is expected to be within the range of RMB1,571.7 million to RMB1,573.7 million, compared to RMB1,892.1 million as of December 31, 2021. Cash and selected financial assets include bank balances and cash, time deposits over three months, structured deposits and pledged bank deposits in financial statement.

	Revenue for the year ended December 31 ⁽¹⁾ ,		YoY Growth
	2022 (Unaudited) <i>RMB million</i>	2021 (Audited) <i>RMB million</i>	
ColoClear	361.1	97.2	271.5%
Pupu Tube	199.1	115.5	72.4%
UU Tube	206.3	–	n/a
Others	–	0.1	n/m
Total revenue	766.5	212.8	260.2%

	Gross profit for the year ended December 31 ⁽¹⁾ ,		YoY Growth
	2022 (Unaudited) <i>RMB million</i>	2021 (Audited) <i>RMB million</i>	
ColoClear	301.5	73.9	308.0%
Pupu Tube	163.1	82.6	97.5%
UU Tube	186.8	–	n/a
Others	(3.9)	(1.9)	n/m
Total gross profit	647.5	154.6	318.8%

	Gross profit margin for the year ended December 31 ⁽²⁾ ,		Margin expansion
	2022 (Unaudited) %	2021 (Audited) %	
ColoClear	83.5	76.0	+7.5%
Pupu Tube	81.9	71.5	+10.4%
UU Tube	90.5	n/a	n/a
Others	n/m	n/m	n/m
Total	84.5	72.7	+11.8%

	For the year	
	ended December 31⁽¹⁾,	
	2022	2021
	(Unaudited)	(Audited)
	RMB million	RMB million

Cash and selected financial assets ⁽³⁾	1,572.7	1,892.1
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* “n/a” denotes “not applicable”, “n/m” denotes “not meaningful”.

- (1) Revenue, gross profit and balance of cash and selected financial assets are calculated with values at the mid-point of the forecast range.
- (2) Gross profit margins for the year ended December 31, 2022 are calculated from values that are indicated in the first two tables as abovementioned.
- (3) Cash and selected financial assets include bank balances and cash, time deposits over three months, structured deposits and pledged bank deposits in financial statement.

The Company is still in the process of finalizing the annual results of the Group for the year ended December 31, 2022. The operating statistics disclosed above are unaudited and based on the preliminary internal information of the Group, which may be subject to change and may differ from the figures to be disclosed in the audited consolidated financial statements to be published by the Company on an annual basis due to various uncertainties during the process of collating such operating information. Such information has not been audited or reviewed by the auditors of the Company or the audit committee of the board of directors (the “**Board**”) of the Company. They shall not be taken as a measure or indication of the Group’s current or future operating or financial performance nor shall they be taken as a representation by the Group of the corresponding figures as may be provided in due course in the Group’s audited consolidated financial statements. As such, the above statistics are provided for investors’ reference only. Shareholders of the Company and potential investors are advised to read carefully about the annual results announcement of the Company for the year ended December 31, 2022, which is expected to be published in March 2023 in accordance with the requirements of the Listing Rules.

Shareholders of the Company and potential investors are advised not to place any reliance on the information disclosed herein but to exercise due caution when dealing in the securities of the Company. When in doubt, shareholders of the Company and potential investors are advised to seek professional advice from professional or financial advisers.

By order of the Board
New Horizon Health Limited
Mr. Yeqing ZHU
Chairman

Hong Kong, January 12, 2023

As at the date of this announcement, the Board comprises Mr. Yeqing ZHU as Chairman and executive Director, Dr. Yiyou CHEN as executive Director, Mr. Naxin YAO as non-executive Director, and Mr. Danke YU, Prof. Hong WU and Dr. Donald Kwok Tung LI as independent non-executive Directors.