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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 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 six months ended June 30, 2022, the total revenue of the Group for the six months ended June 30, 2022 is expected to be within the range of RMB217.1 million to RMB231.6 million, representing an increase in the range of 394.5% to 427.6% from approximately RMB43.9 million for the six months ended June 30, 2021. The gross profit of the Group for the six months ended June 30, 2022 is expected to be within the range of RMB182.2 million to RMB191.1 million, representing an increase in the range of 637.7% to 673.7% from approximately RMB24.7 million for the six months ended June 30, 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 six months ended June 30, 2022 is expected to be within the range of RMB69.4 million to RMB76.9 million, representing an increase in the range of 388.7% to 441.5% from approximately RMB14.2 million for the six months ended June 30, 2021. The gross profit from sales of ColoClear for the six months ended June 30, 2022 is expected to be within the range of RMB55.4 million to RMB60.4 million, representing an increase in the range of 592.5% to 655.0% from approximately RMB8.0 million for the six months ended June 30, 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);

- ii. the revenue from sales of Pupu Tube for the six months ended June 30, 2022 is expected to be within the range of RMB66.6 million to RMB70.1 million, representing an increase in the range of 125.0% to 136.8% from approximately RMB29.6 million for the six months ended June 30, 2021. The gross profit from sales of Pupu Tube for the six months ended June 30, 2022 is expected to be within the range of RMB53.7 million to RMB55.5 million, representing an increase in the range of 208.6% to 219.0% from approximately RMB17.4 million for the six months ended June 30, 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 check centers; and
- iii. the revenue from sales of UU Tube since product launch in January 2022 is expected to be within the range of RMB81.0 million to RMB84.5 million. The gross profit from sales of UU Tube for the six months ended June 30, 2022 is expected to be within the range of RMB73.7 million to RMB75.5 million.

The gross profit margin of the Company for the six months ended June 30, 2022 is expected to be within the range of 78.7% to 88.0%, representing a trend of increase compared to approximately 56.2% for the six months ended June 30, 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 six months ended June 30, 2022 is expected to be within the range of 72.0% to 87.0%, representing a significant increase compared to approximately 56.6% for the six months ended June 30, 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;
- ii. the gross profit margin for Pupu Tube for the six months ended June 30, 2022 is expected to be within the range of 76.6% to 83.3%, representing a significant increase compared to approximately 59.0% for the six months ended June 30, 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 six months ended June 30, 2022 is expected to be within the range of 87.2% to 93.2%.

	Revenue for the six months ended June 30 ⁽¹⁾ ,			Revenue for the full year 2021
	2022 (Unaudited) <i>RMB million</i>	2021 (Unaudited) <i>RMB million</i>	YoY Growth	(Audited) <i>RMB million</i>
ColorClear	73.2	14.2	415.5%	97.2
Pupu Tube	68.3	29.6	130.7%	115.5
UU Tube	82.8	–	n/a	–
Others	–	0.1	n/m	0.1
Total revenue	224.3	43.9	410.9%	212.8

	Gross profit for the six months ended June 30 ⁽¹⁾ ,			Gross profit for the full year 2021
	2022 (Unaudited) <i>RMB million</i>	2021 (Unaudited) <i>RMB million</i>	YoY Growth	(Audited) <i>RMB million</i>
ColorClear	57.9	8.0	623.8%	73.9
Pupu Tube	54.6	17.4	213.8%	82.6
UU Tube	74.6	–	n/a	–
Others	(0.5)	(0.7)	n/m	(1.9)
Total gross profit	186.6	24.7	655.5%	154.6

	Gross profit margin for the six months ended June 30 ⁽²⁾ ,			Margin expansion
	2022 (Unaudited) %	2021 (Unaudited) %		
ColorClear	79.1	56.6		+22.5%
Pupu Tube	79.9	59.0		+20.9%
UU Tube	90.1	n/a		n/a
Others	n/m	n/m		n/m
Total	83.2	56.2		+27.0%

* “n/a” denotes “not applicable”, “n/m” denotes “not meaningful”.

- (1) Revenue and gross profit are calculated with values at the mid-point of the forecast range.
- (2) Gross profit margins for the six months ended June 30, 2022 are calculated from values that are indicated in the first two tables as abovementioned.

The Company is still in the process of finalizing the financial results of the Group for the six months ended June 30, 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 or unaudited consolidated financial statements to be published by the Company on an annual or half-yearly 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 or unaudited consolidated financial statements. As such, the above statistics are provided for investors’ reference only.

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, July 15, 2022

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.