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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, 2023 (without taking into account ex-mainland China sales and profit from partners of our Group), the total revenue of the Group for the six months ended June 30, 2023 is expected to be within the range of RMB799.5 million to RMB837.0 million, representing an increase in the range of 254.2% to 270.8% from RMB225.7 million for the six months ended June 30, 2022. The gross profit of the Group for the six months ended June 30, 2023 is expected to be within the range of RMB730.4 million to RMB753.9 million, representing an increase in the range of 294.6% to 307.3% from RMB185.1 million for the six months ended June 30, 2022. The increase in total revenue and gross profit was mainly due to increased revenue and the gross profit of our products, namely, ColoClear, Pupu Tube and UU Tube. In particular,

- i. the revenue from sales of ColoClear for the six months ended June 30, 2023 is expected to be within the range of RMB480.9 million to RMB500.9 million, representing an increase in the range of 553.4% to 580.6% from RMB73.6 million for the six months ended June 30, 2022. The gross profit from sales of ColoClear for the six months ended June 30, 2023 is expected to be within the range of RMB443.7 million to RMB451.7 million, representing an increase in the range of 695.2% to 709.5% from RMB55.8 million for the six months ended June 30, 2022. 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 six months ended June 30, 2023, hospital channel is 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 six months ended June 30, 2023 is expected to be within the range of RMB117.9 million to RMB126.4 million, representing an increase in the range of 72.1% to 84.5% from RMB68.5 million for the six months ended June 30, 2022. The gross profit from sales of Pupu Tube for the six months ended June 30, 2023 is expected to be within the range of RMB102.2 million to RMB109.7 million, representing an increase in the range of 86.5% to 100.2% from RMB54.8 million for the six months ended June 30, 2022. 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 for the six months ended June 30, 2023 is expected to be within the range of RMB200.2 million to RMB209.2 million, representing an increase in the range of 139.8% to 150.5% from RMB83.5 million for the six months ended June 30, 2022. The gross profit from sales of UU Tube for the six months ended June 30, 2023 is expected to be within the range of RMB188.4 million to RMB196.9 million, representing an increase in the range of 150.9% to 162.2% from RMB75.1 million for the six months ended June 30, 2022. The increase in the revenue and gross profit from sales of UU Tube is due to (a) the increase in volume of UU Tube sold and recognized as revenue; and (b) higher revenue per product in direct-to-consumer channel and health checkup centers.

The gross profit margin of the Company for the six months ended June 30, 2023 is expected to be within the range of 87.3% to 94.3%, representing a trend of increase compared to 82.0% for the six months ended June 30, 2022. The increase in our overall gross profit margin was mainly due to the increased gross profit margin of our products, namely, ColoClear, Pupu Tube and UU Tube. In particular,

- i. the gross profit margin for ColoClear for the six months ended June 30, 2023 is expected to be within the range of 88.6% to 93.9%, representing a significant increase compared to 75.7% for the six months ended June 30, 2022 due to (a) lower cost per test thanks to economics of scale; (b) higher revenue per test within hospital and health checkup centers; 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 six months ended June 30, 2023, hospital channel is 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 six months ended June 30, 2023 is expected to be within the range of 80.9% to 93.0%, representing a meaningful increase compared to 80.0% for the six months ended June 30, 2022 due to (a) higher revenue per test within direct-to-consumer channel and healthcare checkup centers; and (b) lower manufacturing cost per unit; and
- iii. the gross profit margin for UU Tube for the six months ended June 30, 2023 is expected to be within the range of 90.1% to 98.4%, representing a meaningful increase compared to 90.0% for the six months ended June 30, 2022 due to (a) higher revenue per test within direct-to-consumer channel and healthcare checkup centers; and (b) lower manufacturing cost per unit.

The sales volume of our products, namely, ColoClear, Pupu Tube and UU Tube for the six months ended June 30, 2023 increased significantly over the same period last year. In particular,

- i. the revenue-recognized volume of ColoClear in the six months ended June 30, 2023 was approximately 428,700 units, representing a 354.1% increase compared to 94,400 units over the same period in 2022. The revenue-recognized volume growth was driven by (a) the increasing public awareness of colorectal cancer and cancer screening among customers; (b) the expanded coverage of provincial pricing guidance and hospital access; and (c) the increasing physician adoption within covered hospitals.
- ii. the revenue-recognized volume of Pupu Tube in the six months ended June 30, 2023 was approximately 4,096,600 units, representing a 39.8% increase compared to 2,929,700 units over the same period in 2022. The sales performance of Pupu Tube improved continuously due to strong market demand from direct-to-consumer channel and health checkup centers.
- iii. the revenue-recognized volume of UU Tube in the six months ended June 30, 2023 was approximately 2,912,100 units, representing a 110.9% increase compared to 1,380,800 units over the same period in 2022. The sales performance of UU Tube was driven by public awareness of Helicobacter pylori and the convenience by UU Tube as a non-invasive self-test which is highly recognized by the market.

As of June 30, 2023, the balance of cash and selected financial assets is expected to be within the range of RMB2,046 million to RMB2,048 million, compared to RMB1,572.7 million as of December 31, 2022. Cash and selected financial assets include cash and cash equivalents, time deposits over three months, and pledged bank deposits in financial statement.

As of June 30, 2023, net trade receivables are expected to be within the range of RMB916.0 million to RMB992.4 million, compared to net trade receivables amounted to RMB554 million as of December 31, 2022.

	Revenue for the six months ended June 30 ⁽¹⁾ ,			Revenue for the full year
	2023 <i>RMB million</i> (Unaudited)	2022 <i>RMB million</i> (Unaudited)	YoY Growth	2022 <i>RMB million</i> (Audited)
ColoClear	490.9	73.6	567.0%	356.6
Pupu Tube	122.2	68.5	78.4%	200.6
UU Tube	204.7	83.5	145.1%	207.8
Others	0.5	0.1	n/m	—
Total revenue	818.3	225.7	262.6%	765.0

	Gross profit for the six months ended June 30⁽¹⁾,			Gross profit for the full year 2022
	2023 <i>RMB million</i> (Unaudited)	2022 <i>RMB million</i> (Unaudited)	YoY Growth	<i>RMB million</i> (Audited)
ColoClear	447.7	55.8	702.3%	297.3
Pupu Tube	106.0	54.8	93.4%	164.6
UU Tube	192.7	75.1	156.6%	188.4
Others	(4.2)	(0.6)	n/m	(4.1)
Total gross profit	742.2	185.1	301.0%	646.2

	Gross profit margin for the six months ended June 30⁽²⁾,			Margin expansion
	2023 <i>(Unaudited)</i> %	2022 <i>(Unaudited)</i> %		
ColoClear	91.2	75.7	+15.5%	
Pupu Tube	86.7	80.0	+6.7%	
UU Tube	94.1	90.0	+4.1%	
Others	n/m	n/m	n/m	
Total	90.7	82.0	+8.7%	

	Revenue-recognized Volumes for the six months ended June 30⁽¹⁾,			Revenue-recognized volume for the full year 2022
	2023 <i>(Units)</i>	2022 <i>(Units)</i>	YoY Growth	2022 <i>(Units)</i>
ColoClear	428,700	94,400	354.1%	361,400
Pupu Tube	4,096,600	2,929,700	39.8%	7,962,600
UU Tube	2,912,100	1,380,800	110.9%	3,550,900

	At June 30, 2023⁽¹⁾ <i>RMB million</i> (Unaudited)	At December 31 2022 <i>RMB million</i> (Audited)
Cash and selected financial assets ⁽³⁾	2,047.0	1,572.7

The following is an aged analysis of net trade receivables, presented based on revenue recognition dates as at June 30, 2023 and at December 31, 2022:

	At June 30, 2023⁽¹⁾	At December 31, 2022
	RMB million (Unaudited)	RMB million (Audited)
0-90 days	543.2	300.6
91-180 days	184.1	156.3
181-365 days	211.7	80.1
Over 1 year	15.2	17.0
Total	954.2	554.0

* “n/m” denotes “not meaningful”.

- (1) Revenue, gross profit, revenue recognized volumes, net trade receivables and cash and selected financial assets are calculated with values at the mid-point of the forecast range.
- (2) Gross profit margins for the six months ended June 30, 2023 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, and pledged bank deposits in financial statement.

The Company is still in the process of finalizing the financial results of the Group for the six months ended June 30, 2023. 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 to read carefully about the interim results announcement of the Company for the six months ended June 30, 2023, which is expected to be published in August 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, July 10, 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.