



## Company Announcement

Thursday 31 May 2018

# Compumedics Signs Major Strategic Partnership Deal with China-based Health 100 for Somfit Sleep Technology

- Compumedics to enter Joint Venture with Health 100 – a leading China-based premium health-check organisation
- Framework Agreement signed with 90 days to execute Proposed Joint Venture (PJV) and associated Agreements
- Compumedics to receive A\$11.3m (US\$8.45m) pre-tax payment: A\$8.0m (US\$6.0m) will go to Compumedics for the Somfit product platform and intellectual property rights for the Greater China region, and A\$3.3m (US\$2.45m) will remain in the PJV
- Health 100 will purchase 1 million Somfit devices from the PJV over two years, from when the Somfit device achieves China Food and Drug Administration (CFDA) approval
- Anticipated revenue from Health 100 purchase agreement to the PJV of at least A\$133m (US\$100m) over first two years

**Compumedics Limited (ASX: CMP) (“Compumedics” or “Company”)** is pleased to announce that it has entered into a Framework Agreement with leading China-based health-check organisation, **Meinian Onehealth Healthcare Holdings Co., Ltd. (“Health 100”)** to work together over the next 90 days to finalise the Proposed Joint Venture (PJV) into a Formal Joint Venture (FJV) Agreement and other supporting Agreements to enable both companies to commercialise the Somfit product and technology platform in China.



Somfit is Compumedics' mobile wearable system and platform for the monitoring of sleep in a consumer/community environment.

The key points of the PJV are:

1. Compumedics will own approximately 49% and Health 100 will own approximately 51% of the PJV.
2. Compumedics will receive an A\$11.3m (US\$8.45m) pre-tax payment as an upfront payment in part for providing the PJV with the Somfit-related intellectual property and technology rights for the Greater China region.
3. Health 100 will commit to purchasing an initial 1 million Somfit devices for the China market in the first two years following the Somfit device receiving China Food and Drug Administration (CFDA) approval. This sale will generate at least A\$133m (US\$100m) revenue to the PJV over this period.

It is the intent of both parties to execute formal agreements to establish the PJV no later than Thursday, 16 August 2018. Both parties will work over this period to complete all legal arrangements, including payment of the funds noted, and to formalise and establish the FJV.

**Dr David Burton, Chairman and CEO of Compumedics, said:**

“Compumedics is very pleased to be taking this significant and transformative step forward with Health 100.

“We are also honoured that the Premier of Victoria, the Hon. Daniel Andrews MP, and Victoria’s Commissioner to China, Mr Tim Dillon, have attended today’s signing ceremony between Health 100 Chairman, Dr Rong Yu, and myself, on behalf of Compumedics Limited.

“Today’s partnership announcement comes after an introduction resulting from the Premier’s 2017 visit to China. This announcement marks the commencement of substantial and reciprocal trade and investment between Victoria and China, particularly as it relates to positive health-care transformation and associated knowledge-based job-generation.

“Compumedics and Health 100 have been in discussions for some time now about the way both parties, together with the Somfit product and technology platform, can transform sleep and brain healthcare in China.

“The signing of the Framework Agreement is the first formal step along the path to establishing the Joint Venture and commencing the commercialisation of the Somfit product and technology platform in China.

“Getting to this point has taken Compumedics 30 years of product and technology innovation and development, and together with Health 100, we will make history transforming health and leading the way of the future for primary, secondary and tertiary community-wide healthcare.

“Importantly, both Health 100 and Compumedics share common values regarding people, ethics and each parties’ contribution. This, coupled with a formidable driving force to build a great Joint Venture, will positively transform the world of sleep, brain and associated healthcare in China.

“We look forward to completing the formalities over the next month or two to enable this important journey to commence, while we plan and commence delivery of major healthcare outcomes.”

Compumedics notes that while both parties have negotiated in good faith and agreed to the key points detailed in this announcement, as part of both parties entering into the Framework Agreement, there is a possibility, due to reasons unknown by either party at this point in time, that the PJV will not eventuate in the time frame currently anticipated or may not eventuate at all.

Compumedics will make further announcements as these agreements and activities are completed.

**About the Health 100 and Compumedics Proposed Joint Venture (PJV):**

The new Health 100 and Compumedics PJV has the potential to mobilise up to up to or more than 15,000 Health 100 employees to positively transform sleep and neurology health across China, commencing with the new Compumedics sleep/neuro diagnostics and Somfit mobile wearable systems and platform, for the management of sleep and associated disorders.



Although humans spend about a third of their lives sleeping, and sleep is recognised as one of the three essential pillars of health (together with nutrition and exercise), we still cannot reliably measure – let alone manage – our sleep on a personal or routine basis. Somfit is the first of its kind consumer-level, medical-grade wireless wearable sleep system, incorporating Compumedics' widely deployed and validated 'gold standard' sleep analytics.

Compumedics was founded in the 1980s following its development of computerised sleep polysomnography. Compumedics entered the USA market in the 1990s with the development of portable sleep monitoring, winning two NASA astronaut monitoring contracts along with the contract to equip the world's largest portable study of its kind – the NIH-funded 14,000-patient sleep heart health study (SHHS).

Somfit technology allows everyone, everywhere, anytime to access personalised management of true-sleep measures based on Compumedics' proven and widely deployed sleep analytics.

The Somfit platform covers sleep and associated disorders, including sleep-disorder breathing, sleep treatment devices, cardiology, respirology, neurology and diabetes, among other sleep-related health management disciplines. In addition to the deployment of 1 million Somfit systems and associated health management platforms and device eco-systems, the PJV also involves the establishment of Health 100's sleep management network spanning the Health 100 centres in Greater China.

The PJV will enable Health 100 and Compumedics to come together with a focus to positively transform sleep and brain healthcare.

#### **About Health 100:**

Health 100 (Meinian Onehealth Healthcare Holding Co., Ltd) is the leader in the Chinese health-check industry. It provides the largest service in China's preventive health-examination industry, offering professional medical examinations across a broad range of healthcare areas.

Health 100 has the largest medical examination platform in China, supported by the largest professional physician, management and marketing teams in China. Health 100 has 400 medical and physical examination centres in provinces and cities throughout China, with 1,000 centres scheduled to be operating in 2020. The Company listed on the Shenzhen Stock Exchange (code 002044) in 2015, has experienced 25% compounding growth since then (including 46% growth in 2016 and 44% growth in 2017) and today has 40,000 employees. Health 100 doctors and healthcare experts undertook 20 million health checks in 2017. It is expected that this number will rise to 30 million in the current year.

The Group successfully listed on the A-share market (SZ:002044) in 2015. It has a significant market capitalisation and has a major influence in Chinese healthcare sector.

Health 100 Chairman Dr Rong Yu says that "Health is the ultimate pursuit of mankind" and "prevention without disease, priority for medical examination" has gradually become the common recognition of the government, the enterprise, and the people.



Dr Rong Yu says that Health 100 will continue to strengthen and enhance its role as the leader in China's health-inspection industry. Furthermore, Health 100 will be actively leading the industry in standard setting, health management demonstration, major scientific research and national public health policies, including social responsibility. In the era of the Internet, combined with the advantages of mobile medical technology and unique big data on health, Health 100 is on track to become an industry leader in online services, mobile health management and digital medicine.

#### **About Compumedics Limited:**

Compumedics Limited [ASX: CMP] is a medical device company involved in the development, manufacture and commercialisation of diagnostics technology for the sleep, brain and ultrasonic blood-flow monitoring applications. The company owns US based Neuroscan and Germany based DWL Elektronische GmbH. In conjunction with these two subsidiaries, Compumedics has a broad international reach, including the Americas, Australia and Asia Pacific, Europe and the Middle East.

Executive Chairman Dr David Burton founded Compumedics in 1987. In the same year the company successfully designed and installed the first Australian, fully computerised sleep clinic at Epworth Hospital in Melbourne. Following this early success, Compumedics focused on the development of products that sold into the growing international sleep clinic and home monitoring markets.

Compumedics listed on the Australian Securities Exchange in 2000. Over the years, Compumedics has received numerous awards, including Australia's Exporter of the Year, and has been recognised as a Top 100 Innovator by both German and Australian governments.

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