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Singapore: Neusoft, an IT solution and service provider in China with operations across the globe, has signed a term sheet with Philips on the proposed transaction of shares and assets in Philips and Neusoft Medical Systems. According to the term sheet, Neusoft's wholly-owned subsidiary Neusoft Medical System and its overseas associates intend to acquire 51 percent equities in PNMS held by Philips.

PNMS was jointly established by Neusoft Medical and Philips in 2004 with a registered capital of $29.6 million. Philips and Neusoft Medical held 51 percent and 49 percent equities, respectively. PNMS is specialized in R&D and production of medical systems such as CT scanners, MRI, ultrasound and X-ray equipments that are branded with Neusoft and Philips respectively and put into the market through their respective marketing networks for global markets.

Upon the completion of the proposed transaction, all intellectual property rights of PNMS will be shared by both Neusoft and Philips. In addition, a team of approximately 100 to 150 computed tomography (CT) system and component engineers and supporting staff will transfer from the joint venture to Philips.

According to Neusoft, the joint venture had fulfilled its mission over the past years, as evidenced by a large number of competitive products and intellectual property rights. The successful performance of PNMS has built solid foundation for both sides to further optimize their respective global deployment and improve their competitiveness. With this transaction, Neusoft and Philips will be able to develop new products based on their previous achievements in a more flexible manner in line with their respective strategies, which will further support their long-term strategic targets and plans and better help them cope with new opportunities and challenges in the global market.

Based on Neusoft Medical and Philips' best practices in medical systems, PNMS has been committed to technology innovation and development of new products, achieving many technical breakthroughs and patents. Its product portfolio includes four categories, 10 series and 20 models, with 17 FDA certificates and 17 CE certificates. These products are widely used in approximately 70 countries and regions around the world. Over the past years since its establishment, PNMS has provided premium products for Neusoft to expand global market, and enriched Philips' product portfolio, making great contribution to promoting Neusoft and Philips' competitiveness in the global arena.

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According to the announcement, after the completion of the proposed transaction, Neusoft Medical will become the holding company of the original joint venture and its operations will be maintained. In addition, the knowledge assets obtained by PNMS over the past years will be shared by Philips and Neusoft Medical by means of co-ownership and license, to meet the requirements of respective business development.

Neusoft Medical and the original joint venture will continue their businesses in R&D, production and sales of medical systems, such as CT scanners, MRI, x-ray apparatus, ultrasonic diagnosis apparatus, etc. Besides, Philips and Neusoft Medical will maintain a partnership in the form of components supply and the original equipment manufacturer supply of systems.

"The successful partnership between Neusoft and Philips during the past years has brought both sides to a new height in global market expansion," said Dr Liu Jiren, chairman and CEO of Neusoft. "With the ever-changing market environment and business transformation, we have to think about how to adapt to such changes to align with our long-term strategy and growth. This transaction will provide each side with more flexibility and momentum for innovation in the aspects of product positioning and marketing strategies by fully sharing the achievements of the original joint venture. In the future, Neusoft will stick to an active product strategy to enrich product lines, including CT products, to further accelerate our expansion in the global market, especially in those fast-growing emerging markets."

It is reported that Neusoft and Philips will hold further negotiations on the proposed transaction and the signing of the definitive agreements and subsequent closing is estimated to take place before the end of 2013.