

Contract R & D Conceptual Terms

The following conceptual terms are proposed for working relationships involving contract Process R&D arrangements:

* **Process Chemistry R & D Services Offered**

- * Synthesis of New Chemical Entity Active Ingredients, including Intermediates.
- * New Synthetic Route Design, Studies, Improvement, and Optimization.
- * Process Development of the Organic Synthesis for Specific Compounds.
- * cGMP Sample Preparation for Pre-clinical, Clinical, and Post-Launch.
- * Peptide Synthesis Studies and Development.

* **Costing Formula**

- * Full Time Equivalent (FTE) Manpower Cost (including utilities, administrative and facility overhead, and profit): To be significantly less than U.S. or Europe. SPT's mainland China FTE charge even less than SPT's Taiwan Site.
- * Chemicals & Miscellaneous Material Cost:
An additional charge is added for general chemicals, materials, & office supplies.
Very expensive chemicals are excluded and billed separately.
- * Travel Cost:
Depending on the mutual requirements, 2 to 4 visiting trips for direct reporting and technical discussions. The travel cost will be billed as incurred without mark-up or additions.
- * Special Equipment and/or Services:
If very special equipment or services are required, they will be negotiated separately in the Contract.

* **Billing and Invoice Schedules**

- * Payments due under the contract will be billed quarterly except for the initial one.
- * The 1st payment is due within 7 days of the contract signing.
- * The 2nd and 3rd payments are due within 7 days after receipt of the quarterly invoices.
- * The last payment is due within 7 days of the acceptance of the final report & results.

* **Ownership Rights**

- * In general, ownership rights for the results of the technical work that is paid for by the client, belongs to the client. Any work performed by ScinoPharm that is not paid for in a contractual R&D working arrangement belongs to ScinoPharm, even though the product being developed is the same. Careful documentation, segregation and safeguarding of these two types of work will be strictly maintained. Each arrangement will be discussed and agreed in the contract.