

Section 8: Intellectual Property Safeguards

Protection of intellectual property and related trade secrets is considered one of the most important obligations that ScinoPharm agrees to with its customers. ScinoPharm absolutely understands this important commitment and will take extra ordinary steps to safeguard the trade secrets and other intellectual property including process technology, marketing data, etc. ScinoPharm clearly understands that to be respected and competitive in the long term, a company that deals with sensitive technical information must protect it and maintain a high ethics standard throughout its life. As with reputable U. S. companies, ScinoPharm has high regard and respect for patent rights and trade secrets discussed with us.

The first level of protective measures required to safeguard our client company's trade secrets is to have the tightest physical security system for the new plant or facility. The plant will be tightly guarded 24 hours per day, 7 days per week not only by the well trained security guards, but also by an extremely sensitive electronic security system which will be continuously and closely monitored by the on-site security personnel. In addition, a card-key security system will also limit access to the key buildings for both non- as well as employees of ScinoPharm. Special security and lock-up procedures will confine the process R&D notebooks and files. The U.S. system of bound and numbered research notebooks will also be used to control R&D data.

Another important protective measure to be taken is to produce the final API chemicals and/or key intermediates in-house. Only the starting material and some intermediates are to be produced or purchased from Mainland China or India. In some cases, the early stages of synthetic procedures may be developed in China's reputable institutes under tight contract agreement, but the final process procedures will be developed and validated at ScinoPharm's Taiwan facilities. In addition, all DMF documents for each API to be produced by ScinoPharm will be prepared and contained in-house at ScinoPharm's facilities. As a result, the possibility of technology leakage into Mainland China or other country's institutes will be greatly reduced.

ScinoPharm understands the importance of continual vigilance in this area and it plans to continue to improve upon its security systems.