

**Cooperation and Project Funding Agreement**

This Agreement is made this            day of            200[●], by and among

- (1) **SIIRD (SINGAPORE ISRAEL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION)**, a company incorporated in Singapore and having its principal place of business at 250 North Bridge Road, #28-00, Raffles City Tower, Singapore 179101 ("SIIRD", which expression shall where the context so admits include SIIRD's successors in title and assigns);
- (2) [●], a company incorporated in Israel and having its principal place of business at [●] ("Israel Participant", which expression shall where the context so admits include Israel Participant's successors in title and assigns); and
- (3) [●], a company incorporated in Singapore and having its principal place of business at [●] ("Singapore Participant", which expression shall where the context so admits include Singapore Participant's successors in title and assigns).

Israel Participant and Singapore Participant shall hereinafter collectively be referred to as the "Participants" and individually as the "Participant".

**WHEREAS:-**

- (A) The Ministry of Foreign Affairs for the Government of the State of Israel and the Economic Development Board have signed an agreement concerning bilateral cooperation in private sector industrial research and development through the establishment of SIIRD, a Singapore-Israel Industrial R&D program.
- (B) SIIRD facilitates the establishment of research and development projects ("R&D Projects") between Singapore and Israel companies by funding up to 50% of the costs of such R&D Projects.
- (C) The Participants intend to establish a joint R&D Project and have submitted the Proposal (as hereinafter defined) to SIIRD for its consideration.
- (D) SIIRD has examined and duly approved the Proposal (as hereinafter defined) and is willing to provide certain funding for the implementation of the Proposal on the terms and conditions hereinafter set forth.

**NOW IT IS HEREBY AGREED**, in accordance with the terms and subject to the conditions herein contained as follows:

**1. DEFINITIONS & GENERAL TERMS**

1.1 In this Agreement unless the context shall otherwise require the following words and expressions shall have the following meanings:

|                           |   |
|---------------------------|---|
| "Agreement"               | means this agreement, as amended, revised, modified, supplemented, novated or otherwise altered from time to time by common consent of the parties hereto |
| "Approved Program Plan"   | means the approved program plan set forth in Annex C  |
| "Approved Project Budget" | means the approved project budget set forth in Annex A  |

|   |  |
|---|--|
| “Commercialised” or “Commercialisation” | means the sale, marketing or other commercial exploitation of the Innovation or any improvement, modification or extension of it   |
| “Final Report”                          | shall have the meaning ascribed to it in Clause 5.1(ii)  |
| “First Period”                          | means a period of [●] calendar months starting from [●]  |
| “First Report”                          | shall have the meaning ascribed to it in Clause 5.1(i)   |
| "Grant"                                 | shall have the meaning ascribed to it in Clause 2.2  |
| "Gross Sales"                           | shall have the meaning ascribed to it in Clause 3.2  |
| "Innovation"                            | means any products, processes, inventions, technology, discoveries, improvements, modifications, methods, software, specifications, or any form of technical information developed for or arising directly from the Proposal.  |
| "Other Sums"                            | means any sums of money other than the Grant actually awarded to the Participants by SIIRD in connection with the subject matter of the Proposal.  |
| "Projected Expenditure"                 | means, in relation to the Israel Participant and Singapore Participant, the aggregate of all dollar figures under the heading "Qualifying Cost" in the Approved Project Budget for the Israel Participant and Singapore Participant respectively.  |
| "Proposal"                              | means the Proposal, dated the [●], stamped with SIIRD's approval on the [●], as set forth in Schedule 1. For the avoidance of doubt, should any provision of the said Proposal be inconsistent with any other provision of this Agreement, the provisions otherwise set forth in this Agreement shall prevail. |
| "Qualifying Cost"                       | means, in relation to each Qualifying Item, the dollar figure as reflected opposite such Qualifying Item in the Approved Project Budget.   |
| "Qualifying Item"                       | means the item as listed under the heading "Qualifying Item" in the Approved Project Budget.   |
| “Related Company”                       | means in relation to each Participant, a corporation which is :-<br><br>(a) a holding company of the Participant;<br>(b) a subsidiary of the Participant;or<br>(c) a subsidiary of the holding company of the Participant  |
| "Repayment Rate"                        | shall have the meaning ascribed to it in Clause 3.1(a) whichever is applicable.  |
| "SIIRD Funding Percent"                 | shall have the meaning ascribed to it in Clause 2.2  |

"SIIRD Funding of the Projected Expenditure applicable to the Israel/Singapore Participant" shall, in relation to the Israel Participant, have the meaning ascribed to it in Clause 2.2(a) and, in relation to the Singapore Participant, have the meaning ascribed to it in Clause 2.2(b)

- (a) any reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended, extended, consolidated or replaced by the same and any regulations, instruments or subordinate legislation made thereunder;
  - (b) any reference in this Agreement to "writing" or cognate expressions includes a reference to telex, cable, facsimile, electronic transmission or comparable means of communication;
  - (c) words importing the singular number shall include the plural and vice versa, words importing the masculine shall include the feminine and neuter gender and vice versa, and words importing persons shall include bodies corporate, unincorporated associations and partnerships;
  - (d) reference to Clauses, Schedules and Recitals are reference to Clauses, Schedules and Recitals of this Agreement; and
  - (e) the headings to the Clauses and paragraphs are inserted for ease of reference only and shall not affect the interpretation thereof or of this Agreement.
- 1.3 The Recitals, Schedules and the Annexes to this Agreement are incorporated into and form an integral part of this Agreement.
- 1.4 The Participants shall be bound and obliged jointly and severally and any reference to the obligations and liabilities of the Participant(s) shall mean the joint and several obligations and liabilities of the Participants, as herein provided.
- 1.5 The General Manager of SIIRD is empowered by its Board of Directors to execute this Agreement and to perform all acts under the terms hereof on behalf of SIIRD.

## 2. PROJECT FINANCING

- 2.1 The Start Date for this project is [●]. The duration of this project is [●] calendar months ("**Project Period**"). The Project Period shall end on [●] ("**Expiry Date**").
- 2.2 Subject to Clause 2.5, Clause 5.2 and Clause 5.3, SIIRD hereby agrees to fund the implementation of the Proposal by the Participants by providing a grant (the "Grant") of up to [●] per cent. ([●]%) (the "**SIIRD Funding Percent**") of the actual expenses incurred for each Qualifying Item subject to a maximum of [●] per cent. ([●]%) of the Qualifying Cost for such Qualifying Item, provided that in respect of all Qualifying Items,:-
- (a) the aggregate amount of the Grant provided to the Israel Participant shall not exceed US\$[●] ("**SIIRD Funding of the Projected Expenditure applicable to the Israel Participant**") or [●]% of the total qualified actual expenses incurred by the Israel Participant, whichever is lesser; and
  - (b) the aggregate amount of the Grant provided to the Singapore Participant shall not exceed US\$[●] ("**SIIRD Funding of the Projected Expenditure applicable to the Singapore Participant**") or [●]% of the total qualified actual expenses incurred by the Singapore Participant, whichever is lesser.

Each Participant acknowledges that SIIRD has the sole and absolute discretion to determine the SIIRD Funding Percent in respect of each Qualifying Item and that the SIIRD Funding Percent may vary amongst Qualifying Items.

- 2.3 The Grant shall be provided to the Participants at the times as set forth in the manner as set forth in Annex B.
- 2.4 The Participants shall bear the expenditures incurred for the implementation of the Proposal in a timely fashion in excess of those provided under the Grant.
- 2.5 Notwithstanding anything above, SIIRD shall have the right to revoke the award of the Grant and/or terminate this Agreement at any time, immediately by written notice to the Participants if there shall have been any adverse material change (as reasonably determined by SIIRD) in the implementation of the Proposal that was not corrected within 30 days of notice sent to both participants by SIIRD setting forth the adverse material change and the corrective action required. In the event of any such revocation, the Participants shall forthwith return to SIIRD all funds given to the Participants hereunder, after deduction of any repayments by the Participants of the Grant and Other Sums under this Agreement.
- 2.6 If at any time, it shall come to the attention of SIIRD or the Participant that any funding disbursed to the Participant in accordance with Annex B is in excess of the total expenditure incurred by the Participant for the implementation of the Proposal, the Participant shall forthwith return to SIIRD the excess amount.
- 2.7 Any sums required to be paid to SIIRD pursuant to Clause 2.5 and/or Clause 2.6 shall bear interest in accordance with Clause 3.9 if not repaid forthwith.

### 3. REPAYMENT OF GRANT

#### Sale of products of the Innovation

3.1 Each Participant shall, jointly and severally, make payments to SIIRD based on Gross Sales derived from the sale, leasing or other marketing or commercial exploitation of the Innovation, including service or maintenance contracts, commencing with the first such commercial transaction. Such payments shall be based on either of the following:-

- (a) The Participants may repay the Grant and any Other Sums in US Dollars at the rate of 2.5% ("**Repayment Rate**") per year of the Gross Sales for that year, until 100% of the Grant and Other Sums have been repaid; or
- (b) The Participants may repay the Grant and Other Sums in any amount in the years following the first commercial transaction as set out below, until the maximum percentages as stated below have been satisfied in which event no additional payments to SIIRD on account of the Grant and Other Sums shall be required.

| Years Following First Commercial Transaction | Maximum Percentage of Grant and Other Sums to be Repaid |
|--|---|
| 1  | 68%   |
| 2  | 76%   |
| 3  | 82%   |
| 4  | 91%   |
| 5  | 98%   |
| 6 or more                                    | 100%  |

- 3.2 The term "Gross Sales" shall mean the gross invoiced sales value of the products of any Innovation sold by the Participant. In the computation of the Gross Sales, no costs incurred by the Participant in the development, design, manufacture, sale, distribution or exploitation of the products shall be deducted from the Gross Sales. In any sale or disposal of any products of the Innovation or part thereof otherwise than in an arm's length transaction or otherwise than for money, the Gross Sales shall be the fair market value (if higher) of such products in the relevant country of sale or disposal. The term "Gross Sales" shall also include all specific export incentives or bonuses paid to the Participant on account of sale of the products of Innovation for export, but shall not include sums paid for commissions, brokerage, value added and sales taxes on the sale of the finished product, or transportation and associated insurance costs, if the same have been included in the gross sales price.
- 3.3 The Innovation shall be deemed to have commercialized if it is put to the benefit of a third party, whether directly or indirectly, and whether standing alone or incorporated into or co-joined with other hardware or processes, and for which benefit the said third party gives something of value. This provision shall not apply to transactions between the Participants or between the Participants and their Related Companies. Should such Related Company resell the Innovation separately identified or incorporated in a system, the Gross Sales price shall be the price to third parties from a Related Company making the sale, such Gross Sales price being defined by the same criteria as sales are defined for purposes of "Gross Sales" in Clause 3.2.
- 3.4 If the Innovation is a part of a product, which has been commercialised, the Gross Sales price for purposes of payments according to Clause 3 shall be the Gross Sales price of that product multiplied by a factor whose numerator is the manufacturing cost of the Innovation and whose denominator is the manufacturing cost of the product. Notwithstanding the aforesaid, if there shall have been established a market price for the Innovation, such price shall be the basis for payments according to Clause 3, notwithstanding the incorporation of the Innovation in another product.
- 3.5 In the event a Participant obtains a patent in accordance with Clause 9 in respect of an Innovation and such patent is licensed to other third parties for the sales of any products embodying the Innovation or made by practicing the Innovation, unless such Participant is making payments to SIIRD under the other sub-clauses of Clause 3, the Participant shall pay to SIIRD a grant repayment on sales of such products, in accordance with Annex D.
- 3.6 Assignment of technology or Innovation
- Should any portion of the Innovation or technology developed in whole or in part under this Agreement be assigned or sold outright by the Participants (or any one of them) to a third party, one-half of all proceeds of the assignment or sale as received by the assigning Participant shall be applied to repay SIIRD until there has been full repayment to SIIRD of a sum equal to the percentage indicated in Clause 3.1(b) of the Grant and Other Sums actually received by Participants hereunder, in equivalent dollars valued at time of repayment.
- 3.7 Licensing of technology or Innovation
- If any Innovation or any technology developed under this Agreement becomes the subject of any licensing, the Participant shall pay to SIIRD a grant repayment in accordance with Annex E.
- 3.8 All payments due to SIIRD under this Agreement shall be calculated on a semi-annual calendar basis, and statements, consistent with generally accepted accounting procedures and with the standard accounting procedures of the Participant and signed by an auditor of the Participant, rendered with payment within two months following the end of each semi-annual period. Payments to SIIRD under

Clause 3 shall commence at the end of the semi-annual period during which the first sale or Commercialisation was made. Notwithstanding the foregoing, SIIRD may vary the mode of payments to SIIRD by the Participants under this Agreement at its absolute discretion and such variation in the mode of payments shall be effective upon notice by SIIRD to the Participants.

- 3.9 All payments due to SIIRD and not paid by the Participants under this Agreement shall bear interest at 1% more than the average prime rate prevailing at JPMorgan Chase Bank, N.A., during the period from the date payment was due until the date actually made.
- 3.10 This Clause 3 shall survive termination of this Agreement, and to the extent of any obligation to make royalty payments under this Agreement, such obligation shall continue for the life of the last-to-expire patent issued on any invention made in whole or in part arising from the implementation of the Proposal.

#### **4. CONDUCT OF THE PROJECT**

- 4.1 Each Participant agrees to implement the Proposal in accordance with good standards relevant to such undertakings, and shall expend funds received hereunder only in accordance with such Proposal and the requirements of this Agreement.
- 4.2 Each Participant agrees to comply with the Approved Program Plan for the Innovation in accordance with the Approved Program Plan. Each Participant shall, in furtherance of the implementation of the Proposal, carry out the tasks and contribute all necessary funds, resources and facilities for the implementation of the Proposal.
- 4.3 Israel Participant hereby appoints [●] as the Israel Project Manager and Singapore Participant hereby appoints [●] as the Singaporean Project Manager for the implementation of the project during the period of this Agreement and in accordance with the Approved Program Plan.
- 4.4 The Participant shall not make substantial transfers of funds from one budget item to another, change key personnel or their duties and responsibilities or diminish their time allocated to the proposed work hereunder without prior **written approval by SIIRD**, which approval shall not be unreasonably withheld.
- 4.5 Should any key person be absent from his work or should such absence be expected for 90 days or more, or should there be any significant reduction in the total personnel force assigned under the Proposal, the Participant shall forthwith notify SIIRD.
- 4.6 Each Participant shall:-
- (a) co-operate in ensuring that the implementation of the Proposal is carried out on its part by properly qualified personnel;
  - (b) procure that authorised representatives of SIIRD are allowed reasonable access to the work carried out by it in connection with the Proposal and to the records, accounts, reports and any form of documentation relating to, and personnel involved in the implementation of the Proposal from time to time; and
  - (c) promptly notify SIIRD if there is any unforeseen technical or scientific problem which is likely to cause a material delay or difficulty in achieving any of the objectives of the Proposal or result in any material increase in the costs of implementing the Proposal.

4.7 The obligations of the Participant with regard to the conduct of the project as set out in Clauses 4.1 to 4.6 above may be varied or amended, upon submission of a **written** request by the Participant and the approval **in writing** of the General Manager of SIIRD, which shall not be unreasonably withheld.

4.8 If at any time the Participant believes that:-

- (a) there is no reasonable likelihood of success of the project of the Proposal;
- (b) substantial costs will have to be additionally incurred or amount of funding will have to be additionally provided to complete the implementation of the Proposal;
- (c) there has been a failure to achieve any of the material steps or milestones as set out in the Approved Program Plan and the Proposal; or
- (d) the objectives of the Proposal have been substantially achieved by research outside the Proposal,

the Participants shall forthwith notify SIIRD of such belief and SIIRD and the Participants shall negotiate in good faith to re-define the Proposal or terminate this Agreement.

## 5. REPORTING REQUIREMENTS – First, Final and Commercialisation reports

5.1 The Participant shall submit to SIIRD, in writing, the following reports in the manner as stated below:-

- (i) The first report (the “**First Report**” or “**Interim Report**”) within 60 days following the expiration of the first half of the project period, comprising each of the following:-
  - (a) First technical report jointly prepared, certified and submitted by the Participants; and
  - (b) First fiscal reports from each of the individual Participants.
- (ii) The final report (the “**Final Report**”) within 90 days following revocation of the Grant or termination of this Agreement or completion of the implementation of the Proposal, whichever is earlier, comprising each of the following:-
  - (a) Final technical report jointly prepared, certified and submitted by the Participants; and
  - (b) Final audited fiscal reports from each of the individual Participants; and
  - (c) Final commercialization plans and repayment model table.

For the avoidance of doubt, the date of the completion of the implementation of the Proposal (“**Completion Date**”) shall be no later than the Expiry Date (i.e. [●] ). In the event that the Completion Date is earlier than the Expiry Date, the final report shall be submitted within 90 days from such earlier date.

- (iii) A report on Commercialization (“**Commercialization Report**”) on a semi – annual basis following the completion of the implementation of the Proposal

until such time as the Grant and Other Sums are fully repaid or earlier as agreed by SIIRD in writing.

- a. For the semi-annual period January to June (1-6) the Commercialization Report shall be submitted by end August ("**First Commercialization Report** ")
- b. For the semi-annual period July to December (7-12), the Commercialization Report shall be submitted by end February. ("**Second Commercialization Report** ")

The First Report, Final Report and the Commercialization Report ("**Reports**") shall be in the form and substance as provided by SIIRD from time to time. The form of the Reports and any amendments or variations thereto may be downloaded from SIIRD website - <http://www.siird.com>.

The Final Fiscal report and the Second Commercialization report required to be submitted to SIIRD under this Clause 5.1 shall be signed by the Participant's auditor and by the management (CEO, MD or General Manager) of the Participant.

Each Participant shall give a presentation to SIIRD on the Reports, upon or as soon as practicable after the submission of the Reports to SIIRD and/or upon SIIRD's request, as follows:

- (a) First and Final Reports - on the progress of the implementation of the Proposal; and
- (b) Commercialization Report - on the progress of the commercialisation of the product

SIIRD has the right to send an authorised representative and/or and auditor to verify the Reports until such time as the Grant and Other Sums are fully repaid.

The Participants shall jointly submit the First Report and Final Report (as the case may be) to SIIRD in a complete package containing all the component reports as stated in Clauses 5.1(i) and 5.1(ii) respectively. SIIRD may at its absolute discretion reject any reports required to be submitted under this Clause 5.1 as being inadequate and shall not be held liable for any actions or other consequences whatsoever arising from the exercise of its rights to reject such reports. For the avoidance of doubt, any rejection by SIIRD of any such reports shall amount to a failure by the Participant to comply with the requirements under this Clause 5.1.

- 5.2 If the Participants fail to comply with the requirements under Clause 5.1 or the Participants have failed to remedy such non-compliance within a grace period given by SIIRD (if any), SIIRD shall be entitled to terminate this Agreement without further notification, and/or to withhold all subsequent reimbursements of the Grant and demand repayment of all funds given to the Participants hereunder, after deduction of any repayments by the Participants of the Grant and Other Sums , upon which the Participants shall within 30 days of the demand repay SIIRD the said amount. All late payments shall bear interest at 1% more than the average prime rate prevailing at JPMorgan Chase Bank, N.A., during the period from the date payment was due until actually made.
- 5.3 If the Final Report submitted to SIIRD fails to fully satisfy the requirements as set out by SIIRD or is not approved by SIIRD for any reason whatsoever (including but not limited to the failure to satisfy the requirements as set out by SIIRD during the final project review as described in Annex B) within 180 days following the Completion Date, SIIRD shall be entitled to terminate this Agreement without further notification and cancel the Final Payment (as defined in Annex B hereto) and/or other funding

commitments to be made available to the Participants by SIIRD without being held responsible for any liabilities, losses and costs incurred thereby. In addition, it shall be entitled to demand the immediate repayment of the First Payment (as defined in Annex B hereto) and/or other fund payments made to the Participants pursuant to this Agreement, and reimbursement from the Participants of all costs, expenses and losses incurred to SIIRD therefrom unless otherwise agreed to or waived in writing by SIIRD. All late repayments shall bear interest at 1% more than the average prime rate prevailing at JPMorgan Chase Bank, N.A., during the period from the date on which the repayment is due until actually made.

- 5.4 The Participants shall provide, at its expense, briefings on the progress of the work hereunder within 45 days following request by SIIRD. Such briefings shall accord with the form and depth as SIIRD may reasonably request.

## **6. COVENANTS**

- 6.1 The Participant covenants with SIIRD as follows:

- (a) The Participant will promptly notify SIIRD in writing of any change in its name or principal business activities; and
- (b) The Participant shall not effect carry out or permit any form of re-construction, re-organisation, amalgamation, take-over or substantial change of its shareholders affecting its existing constitution or structure of shareholdings without first obtaining SIIRD's written consent such consent not to be unreasonably withheld.

- 6.2 Upon being notified by the Participant in accordance with Clause 6.1(b), in giving its consent, SIIRD shall be entitled to impose any conditions it deems fit, provided that such conditions accord with the intent and purposes of this Agreement.

- 6.3 Any failure by the Participant to comply with Clause 6.1(b) shall be deemed a material breach for which SIIRD shall be entitled to terminate the Agreement pursuant to Clause 10.2(c).

## **7. PUBLICATIONS**

- 7.1 In any publication in scientific or technical journals of data or other information derived from the work under the Proposal, or any publication related to such work, but not including product literature or manuals, the support of SIIRD shall be acknowledged.

- 7.2 To the extent so required the Participants shall permit SIIRD free dissemination of such publications or information under Clause 7.1 subject to the limitation of Clause 8. The Participants shall be deemed hereby to waive any claim with respect to such dissemination for infringement of any copyright it may have or may obtain.

- 7.3 The Participants shall furnish to SIIRD two (2) copies of all publications resulting from SIIRD-supported work as soon as possible after publication.

## **8. PROPRIETARY INFORMATION**

- 8.1 Proprietary information, clearly identified as such, submitted to SIIRD in the Proposal, in any report or verbally, or obtained by the observation of SIIRD personnel pursuant to any request or briefing, shall be treated by SIIRD as

confidential. At the request of either Participant, the parties may separately enter into a confidential disclosure agreement. The foregoing restriction shall not apply to:

- (a) information which at the time of disclosure is generally available to the public;
- (b) information which after disclosure becomes generally available to the public through no fault of SIIRD;
- (c) information which SIIRD can show was in its possession prior to the disclosure and which was not acquired directly or indirectly from any Participant;
- (d) information which SIIRD can show was received by it after the time of disclosure from any party without any obligation of confidentiality and which was not acquired directly or indirectly from any Participant(s); and
- (e) information which SIIRD is compelled by order of a court of competent jurisdiction or other authority having jurisdiction over SIIRD to disclose.

8.2 The confidentiality obligations set out in this clause shall survive the termination of this Agreement.

8.3 Nothing contained in this Clause 8 shall restrict the right of SIIRD to make public the fact of SIIRD's support for the project, and the identification of the Participants therein. The details of any such publication, however, shall be subject to approval by the Participants.

## 9. PATENTS

9.1 If either Participant elects to apply for letters patent on any or all inventions resulting in whole or in part from the implementation of the Proposal, such Participant shall, at its own expense, so apply in Singapore and in Israel, and in such other countries and at such times as it may deem appropriate.

## 10. TERM, EXPIRATION & TERMINATION

10.1 The effective date of this Agreement shall be the date of signing of this Agreement. Unless sooner terminated by SIIRD hereunder, this Agreement shall continue to be binding until each Participant has completed and settled all its obligations and liabilities under this Agreement.

10.2 Notwithstanding Clause 10.1, SIIRD may terminate the Agreement forthwith by written notice ("**Termination Notice**") to the Participants in any of the following circumstances:-

- (a) In accordance with Clauses 2.5, 5.2 or 5.3;
- (b)
  - (i) If any Participant fails to return to SIIRD any excess funding in accordance with Clause 2.7;
  - (ii) If any Participant fails to furnish or provide access to the annual/quarterly audited financial statements, general ledger, trial balance, the financial books, vouchers, records and any other documents of the Participant as may be requested to be examined by SIIRD or any other person appointed by SIIRD pursuant to Clause 11.3;

and has failed to remedy such failure within a period of thirty (30) days after receipt of written notice giving full particulars of the non-compliance and requiring it to be remedied;

- (c) if any Participant has committed any material breach of any of its obligations under this Agreement and (in the case of a breach which is capable of remedy) has failed to remedy the same within a period of thirty (30) days after receipt of written notice giving full particulars of the breach and requiring it to be remedied;
- (d) if any Participant makes any arrangement or composition with its creditors or goes into liquidation (except for the purposes of amalgamation or reconstruction in such manner that the company resulting therefrom effectively agrees to be bound by or assume the obligations imposed on that Participant under this Agreement) or if an encumbrancer takes possession of, or a receiver or administrative receiver is appointed over, the whole or any substantial part of the property or assets of such Participant; or
- (e) if any Participant ceases, or threatens to cease, to carry on business or is in the opinion of SIIRD, unable to carry on its business for any reason whatsoever.

In the event of any such notice, the Participants shall cease to have any rights of any kind to the funding provided by SIIRD.

- 10.3 Notwithstanding any other provision in this Agreement to the contrary, on the occurrence of any of the events stated under Clause 10.2 SIIRD shall not be obliged to provide any further funding of the Grant after the issue of the Termination Notice until and unless the said default is cured and so demonstrated to the reasonable satisfaction of SIIRD.
- 10.4 If SIIRD shall terminate the Agreement as aforesaid, all funds given to the Participants hereunder, after deduction of any repayments by the Participants of the Grant and Other Sums under this Agreement, shall become due immediately without the need for demand. Such funds which do not, by terms of this Agreement, bear interest, shall be repaid with interest at 1% more than the average prime rate prevailing at JPMorgan Chase Bank, N.A., from date of Termination Notice.
- 10.5 The Participant may not terminate this Agreement or abandon the project under the Proposal without the prior written consent of SIIRD, which consent shall not be unreasonably withheld.
- 10.6 Upon termination of this Agreement for any reason, the Participants shall forthwith return to SIIRD all funds given to the Participants, unless expressly agreed otherwise by SIIRD in writing. If not repaid forthwith, such sum shall bear interest in accordance with Clause 3.9. This Clause shall be without prejudice to the operation of any other provisions in this Agreement relating to the repayment of the Grant and Other Sums and such other funds disbursed by SIIRD under this Agreement.
- 10.7 Termination of this Agreement shall be without prejudice to any rights or remedies available or accrued to any of the parties at the time of termination, or which thereafter may accrue.

## **11. FINANCIAL RECORDS**

- 11.1 Each Participant shall maintain the business and financial records and books of account for the work hereunder separate and apart from other business records of the Participant. Such books and records shall be in the usual and accepted form in accordance with standard accounting practices of the applicable jurisdictions.

- 11.2 Books and records of the work hereunder shall show the Participant's contribution. Upon request by SIIRD, the Participant shall provide evidence of his compliance hereunder.
- 11.3 SIIRD may through an authorised representative and/or auditor examine, or cause to be examined, the annual/quarterly audited financial statements, general ledger, trial balance, the financial books, vouchers, records and any other documents of the Participant at reasonable times and intervals for so long as payments under Clause 3 are due, or may become due to SIIRD.
- 11.4 The audited accounts of each Participant and the reports by the auditors of the Participant shall be submitted to SIIRD within 90 days of the close of financial year of the Participant.

## **12. SUITS AGAINST SIIRD**

- 12.1 Each Participant shall defend all suits brought against SIIRD, its officers or personnel, indemnify them for all liabilities and costs and otherwise hold them harmless on account of any and all claims, actions, suits, proceedings and the like arising out of, or connected with or resulting from the performance of this Agreement by the Participants, or from the manufacture, sales, distribution or use by the Participants of the Innovation, whether brought by the Participant(s) or its personnel or by third parties.
- 12.2 Each Participant agrees that persons employed by it in connection with the research project shall be deemed to be solely its own employees and that no relationship of master and servant shall be created between such employees and SIIRD, either for purposes of tort liability, social benefits, or for any other purpose. Each Participant shall indemnify the SIIRD and hold it harmless from court costs and legal fees, and for any payment which SIIRD may be obliged to make on a cause of action based upon an employee-employer relationship as aforesaid.

## **13. LIMITATIONS ON PAYMENTS**

- 13.1 Notwithstanding anything to the contrary under this Agreement, the Participants' total obligation hereunder (excluding the liability to pay interest under Clause 3.9) for payments to SIIRD shall not exceed the Grant and Other Sums actually provided by SIIRD to the Participants hereunder.

## **14. MISCELLANEOUS**

- 14.1 SIIRD makes no representation, by virtue of its funding the work hereunder, or receiving payments or royalties as a result of this Agreement, as to the safety, value or utility of the Innovation or the work undertaken, nor shall the fact of participation of SIIRD, its funding or exercise of its rights hereunder be deemed an endorsement of the Innovation or of the Participants, nor shall the name of SIIRD be used for any commercial purpose or be publicized in any way by the Participant except within the strict limits of this Agreement.
- 14.2 The Participant may not assign this Agreement or any of the work undertaken pursuant to it without the prior written consent of SIIRD, which consent shall not be unreasonably withheld. The provisions hereof shall be binding upon and inure to the benefit of the parties, their successors and permitted assigns.

- 14.3 This Agreement shall be construed under the laws of the Republic of Singapore. The forum for the resolution of any dispute arising from this Agreement shall be the State of Israel or the Republic of Singapore as the moving party may elect. Execution of this Agreement shall be taken as submission to the forum selected pursuant to this Clause.
- 14.4 Unless the parties to a dispute shall agree otherwise, the dispute shall be referred to arbitration under the rules of the Israel Arbitration Law if the forum is Israel, and under the Arbitration Rules of the Singapore International Arbitration Centre if the forum is in Singapore which rules are deemed to be incorporated by reference into this Clause. All arbitration proceedings shall be in the English language. The decision of the arbitrator shall be final and binding on all the parties.
- 14.5 Each Participant undertakes to comply with all applicable Republic of Singapore laws, rules and regulations, and those of the State of Israel, and will apply for and obtain all necessary licenses and permits for carrying out of its obligations hereunder.
- 14.6 Each party shall bear its own legal and other costs and expenses incurred by it in connection with this Agreement. Under Israeli law, no stamp duty is required on SIIRD Cooperation and Project Funding Agreements.
- 14.7 Any demand, consent, notice or other communication ("notice") authorised or required to be made hereunder shall be in writing and may be given by facsimile, courier, post or hand to a party addressed as follows:-
- a. SIIRD (Singapore-Israel Industrial Research and Development Foundation)  
250 North Bridge Road  
#28-00, Raffles City Tower  
Singapore 179101, Singapore  
Facsimile : +65 63381797  
Attn : General Manager, SIIRD
  - b. [Israel Participant]  
[Address of Israel Participant]  
Israel  
Facsimile : [●]  
Attn : [●]
  - c. [Singapore Participant]  
[Address of Singapore Participant]  
Singapore  
Facsimile : [●]  
Attn : [●]

or such other address as the recipient may designate by notice given in accordance with the provision of this Clause .

A notice:-

- (i) if delivered by facsimile transmission shall be deemed to be received on the date of transmission on production of a transmission report by the machine from which the facsimile was sent which indicates that the notice was sent in its entirety to the facsimile number of the recipient;
- (ii) if delivered by courier, shall be deemed to be received upon receipt by the addressee;

- (iii) if sent by prepaid registered post (airmail, if appropriate), shall be deemed to have been received on the second day after the day on which it was posted if sent to an address within the country of posting and on the seventh day after the day on which it was posted if sent to an address outside the country of posting; and
  - (iv) if delivered by hand during normal business hours on a business day, shall be deemed to be given on that day, or in any other case of hand delivery, shall be deemed to be given on the business day following the date of delivery.
- 14.8 Nothing herein shall create a partnership, joint venture or agency between the parties.
- 14.9 Save as otherwise specifically provided herein, this Agreement shall not be altered, changed, supplemented or amended except by written instruments signed by all parties or their authorised representatives.
- 14.10 No remedy conferred by any of the provisions of this Agreement is intended to be exclusive of any other remedy which is otherwise available at law, in equity, by statute or otherwise, and each and every other remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity, by statute or otherwise. The election of any one or more of such remedies by a party shall not constitute a waiver by such party of the right to pursue any other available remedies.
- 14.11 The provisions contained herein shall constitute the entire agreement between the parties with respect to the subject matter and the Schedule and Annexes, and shall supersede any pre-existing or other agreement, and merge all prior negotiations and discussions or any oral and written communications between the parties concerning the subject matter hereof. No party shall be bound by any statements, inducements, conditions, representations or warranties (whether oral or written) with respect to the subject matter hereof by any party or its agents or representatives other than as expressly set forth herein or subsequently set forth in writing executed by both parties hereto.
- 14.12 If any of the terms or provisions in this Agreement or the Schedules or Annexes shall be held to be illegal, invalid or unenforceable by any court of competent jurisdiction, in whole or in part, it shall not invalidate the rest of this Agreement which shall remain full force and effect as if such terms or provisions had not been a part of this Agreement. Such terms or provisions held to be illegal, invalid or unenforceable by any court of competent jurisdiction in any state or city shall not affect their legality, validity and enforceability in other states or cities.
- 14.13 No failure to exercise and no delay in exercising on the part of the parties hereto any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power, or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
- Any waiver by either party of a breach of any provision of this Agreement shall not be considered as a waiver of any subsequent breach of the same or any other provisions.
- 14.14 This Agreement may be signed in multiple counterparts, each of which is an original and all of which, taken together, constitutes one and the same instrument.

**IN WITNESS WHEREOF** the parties have executed this Agreement the day and year first above written.

Signed for and on behalf of )  
**SIIRD (SINGAPORE ISRAEL INDUSTRIAL RESEARCH )**  
**AND DEVELOPMENT FOUNDATION) )**  
)

By: \_\_\_\_\_  
Name :  
Title : General Manager  
Date :  
Company stamp :

Signed for and on behalf of )  
**[ISRAEL PARTICIPANT] )**  
)

By: \_\_\_\_\_  
Name :  
Title :  
Date :  
Company stamp :

Signed for and on behalf of )  
**[SINGAPORE PARTICIPANT] )**  
)

By: \_\_\_\_\_  
Name :  
Title :  
Date :  
Company stamp :

ANNEX A - APPROVED PROJECT BUDGET

COMPANY NAME: *Israeli Company*

TOTAL PROJECT DURATION (in months)

| QUALIFYING ITEM   |                                   |   |  | COST TO PROJECT (US\$) | QUALIFYING COST (US\$) |
|---|-----------------------------------|---|--|------------------------|------------------------|
| <u>I. DIRECT LABOUR</u>                                       |                                   | Gross Annual Salary (US\$)                          | % of Time on Project (%)   |                        |                        |
| Name of Employee  | Corporate Title of Employee       |   |  |                        |                        |
| Name 1<br>Name 2, etc.  | Title 1<br>Title 2, etc.          |   |  |                        |                        |
| SUBTOTAL  |                                   |   |  |                        |                        |
| Overheads (OH) @ 25%  |                                   |   |  |                        |                        |
| TOTAL DIRECT LABOUR COST                                      |                                   |   |  |                        |                        |
| <u>II. EQUIPMENT (includes Hardwares &amp; Softwares) *</u>   |                                   |   |  |                        |                        |
| Description of Equipment & No. of units                       |                                   | Original Cost (Cost per unit x no. of units) (US\$) | New/Existing (if existing, indicate useful life left) (in years) |                        |                        |
| Item 1<br>Item 2, etc.  |                                   |   |  |                        |                        |
| TOTAL EQUIPMENT COST  |                                   |   |  |                        |                        |
| <u>III. EXPENDABLE MATERIALS &amp; SUPPLIES</u>               |                                   |   |  |                        |                        |
| Description of Expendable Materials & Supplies & No. of units |                                   |   |  |                        |                        |
| Item 1<br>Item 2, etc.  |                                   |   |  |                        |                        |
| TOTAL EXPENDABLE MATERIALS & SUPPLIES                         |                                   |   |  |                        |                        |
| <u>IV. TRAVEL EXPENSES</u>                                    |                                   |   |  |                        |                        |
| Number of people per trip & Purpose of trip                   | Destination (Singapore or Israel) |   |  |                        |                        |
| X pax per trip, purpose of trip                               |                                   |   |  |                        |                        |
| X pax per trip, purpose of trip, etc.                         |                                   |   |  |                        |                        |
| TOTAL TRAVEL COST   |                                   |   |  |                        |                        |
| <u>V. SUBCONTRACTS</u>  |                                   |   |  |                        |                        |
| Name of Subcontractor   | Description of Service            | Hourly rate per subcontractor (US\$/hr)             | No. of subcontractor hours (hrs)                                 |                        |                        |
| Name 1<br>Name 2, etc.  |                                   |   |  |                        |                        |
| TOTAL SUBCONTRACT COST  |                                   |   |  |                        |                        |
| <u>VI. CONSULTANTS</u>  |                                   |   |  |                        |                        |
| Name of Consultant  | Description of Service            | Hourly rate per consultant (US\$/hr)                | No. of consultant hours (hrs)                                    |                        |                        |
| Name 1<br>Name 2, etc.  |                                   |   |  |                        |                        |
| TOTAL CONSULTANT COST   |                                   |   |  |                        |                        |
| <u>VII. OTHER COST</u>  |                                   |   |  |                        |                        |
| Description of item   |                                   |   |  |                        |                        |
| Item 1<br>Item 2, etc.  |                                   |   |  |                        |                        |
| TOTAL OTHER COST  |                                   |   |  |                        |                        |
| TOTAL COST  |                                   |   |  |                        |                        |
| General & Administrative (G&A) Expenses @ 5% Total Cost       |                                   |   |  |                        |                        |
| GRAND TOTAL   |                                   |   |  |                        |                        |

\* All equipment are depreciated over 3 years

ANNEX A - APPROVED PROJECT BUDGET

COMPANY NAME: *Singapore Company*  
 TOTAL PROJECT DURATION (in months)

| QUALIFYING ITEM   |                                   |   |  | COST TO PROJECT (US\$) | QUALIFYING COST (US\$) |
|---|-----------------------------------|---|--|------------------------|------------------------|
| <u>I. DIRECT LABOUR</u>                                       |                                   | Gross Annual Salary (US\$)                          | % of Time on Project (%)   |                        |                        |
| Name of Employee  | Corporate Title of Employee       |   |  |                        |                        |
| Name 1  | Title 1                           |   |  |                        |                        |
| Name 2, etc.  | Title 2, etc.                     |   |  |                        |                        |
| SUBTOTAL  |                                   |   |  |                        |                        |
| Overheads (O/H) @ 25%   |                                   |   |  |                        |                        |
| TOTAL DIRECT LABOUR COST                                      |                                   |   |  |                        |                        |
| <u>II. EQUIPMENT (includes Hardwares &amp; Softwares) *</u>   |                                   |   |  |                        |                        |
| Description of Equipment & No. of units                       |                                   | Original Cost (Cost per unit x no. of units) (US\$) | New/Existing (if existing, indicate useful life left) (in years) |                        |                        |
| Item 1  |                                   |   |  |                        |                        |
| Item 2, etc.  |                                   |   |  |                        |                        |
| TOTAL EQUIPMENT COST  |                                   |   |  |                        |                        |
| <u>III. EXPENDABLE MATERIALS &amp; SUPPLIES</u>               |                                   |   |  |                        |                        |
| Description of Expendable Materials & Supplies & No. of units |                                   |   |  |                        |                        |
| Item 1  |                                   |   |  |                        |                        |
| Item 2, etc.  |                                   |   |  |                        |                        |
| TOTAL EXPENDABLE MATERIALS & SUPPLIES                         |                                   |   |  |                        |                        |
| <u>IV. TRAVEL EXPENSES</u>                                    |                                   |   |  |                        |                        |
| Number of people per trip & Purpose of trip                   | Destination (Singapore or Israel) |   |  |                        |                        |
| X pax per trip, purpose of trip                               |                                   |   |  |                        |                        |
| X pax per trip, purpose of trip, etc.                         |                                   |   |  |                        |                        |
| TOTAL TRAVEL COST   |                                   |   |  |                        |                        |
| <u>V. SUBCONTRACTS</u>  |                                   |   |  |                        |                        |
| Name of Subcontractor   | Description of Service            | Hourly rate per subcontractor (US\$/hr)             | No. of subcontractor hours (hrs)                                 |                        |                        |
| Name 1  |                                   |   |  |                        |                        |
| Name 2, etc.  |                                   |   |  |                        |                        |
| TOTAL SUBCONTRACT COST  |                                   |   |  |                        |                        |
| <u>VI. CONSULTANTS</u>  |                                   |   |  |                        |                        |
| Name of Consultant  | Description of Service            | Hourly rate per consultant (US\$/hr)                | No. of consultant hours (hrs)                                    |                        |                        |
| Name 1  |                                   |   |  |                        |                        |
| Name 2, etc.  |                                   |   |  |                        |                        |
| TOTAL CONSULTANT COST   |                                   |   |  |                        |                        |
| <u>VII. OTHER COST</u>  |                                   |   |  |                        |                        |
| Description of item   |                                   |   |  |                        |                        |
| Item 1  |                                   |   |  |                        |                        |
| Item 2, etc.  |                                   |   |  |                        |                        |
| TOTAL OTHER COST  |                                   |   |  |                        |                        |
| TOTAL COST  |                                   |   |  |                        |                        |
| General & Administrative (G&A) Expenses @ 5% Total Cost       |                                   |   |  |                        |                        |
| GRAND TOTAL   |                                   |   |  |                        |                        |

\* All equipment are depreciated over 3 years

## **ANNEX B - PAYMENT OF GRANT**

1. (a) The first payment of the Grant (“First Payment”) shall be disbursed upon satisfaction of the following conditions:-
  - (i) After receipt and approval of the complete First Report by SIIRD for the First Period. The First Report shall be jointly submitted by the Participants; and
  - (ii) Upon SIIRD being reasonably satisfied with its first project review on the implementation of the Proposal by the Participants for the initial period as specified by SIIRD (the “First Period”).
- (b) Subject to paragraph 1(c) below, the First Payment shall be based on the SIIRD Funding Percent of the actual expenses for each Qualifying Item incurred by the Participant in the implementation of the Proposal in the First Period.
- (c) The First Payment shall not exceed 60% of the SIIRD Funding of the Projected Expenditure applicable to the Israel or Singapore Participant, as the case may be.
2. (a) The final payment of the Grant (“Final Payment”) shall be disbursed upon satisfaction of the following conditions:-
  - (i) The receipt of the complete Final Report by SIIRD and its subsequent approval of such Final Report within the periods prescribed in Clause 5.1 and Clause 5.3 of this Agreement respectively. The Final Report shall be jointly submitted by the Participants;
  - (ii) Upon SIIRD being reasonably satisfied with its final project review on the implementation of the Proposal by the Participants for the period commencing on the day immediately following the end of the First Period until the completion of the implementation of the Proposal (“Final Period”); and
  - (iii) An audited statement from the external auditor certifying the accounts of the project expenses are in accordance with the generally accepted accounting principles.
- (b) Subject to paragraph 2(c) below, the Final Payment shall be based on the SIIRD Funding Percent of the actual expenses for each Qualifying Item incurred by the Participant in the implementation of the Proposal in the Final Period.
- (c) The aggregate of the First Payment and Final Payment of the Grant shall not exceed the SIIRD Funding of the Project Expenditure applicable to the Israel or Singapore Participant, as the case may be.
3. Notwithstanding the above conditions, the Participants may by written notice to SIIRD request the waiver of the satisfaction of any of the conditions. If at the required time of submission of the First Report, work on the project prove to be materially behind the Approved Program Plan or the expenditures fall substantially below the Approved Project Budget, SIIRD will review the project with the Participants and determine a suitable course of action with respect to further payments of the Grant.
4. The tables overleaf illustrate the mechanism for the payment of the First Payment and Final Payment. The figures set out in the tables are merely illustrative and do

not represent entitlements of the Participants to any amount set out therein. The following assumptions are made:-

- (a) the actual expenses incurred by the Participant in respect of each Qualifying Item equals to or exceeds the Qualifying Cost for such Qualifying Item; and
- (b) the SIIRD Funding of Projected Expenditure applicable to the Israel or Singapore Participant, as the case may be, does not exceed the maximum amount of the Grant approved respectively for such Participant under Clauses 2.2(a) or 2.2(b), as the case may be.

**(c) ILLUSTRATION ON THE MECHANISM ON THE PAYMENT OF THE GRANT**

**Israel Participant**

|  | US\$ |
|--|------|
| PROJECTED EXPENDITURE  | ●    |
| Total SIIRD Funding @ [●]% of the Projected Expenditure  | ●    |
| FIRST PAYMENT (FIRST PERIOD : 1-[●] MTHS)<br>(First Payment shall not exceed 60% of SIIRD Funding of Projected Expenditure)<br>After the first project review, receipt & approval of the complete First Report   | ●    |
| FINAL PAYMENT ([●]-[●] MTHS)<br>(Aggregate of First Payment and Final Payment shall not exceed 100% of Projected Expenditure)<br>After the final project review, receipt & approval of the complete Final Report together with an audited statement from the external auditor certifying the accounts of the project expenses are in accordance with the generally accepted accounting principles. | ●    |

**Singapore Participant**

|  | US\$ |
|--|------|
| PROJECTED EXPENDITURE  | ●    |
| Total SIIRD Funding @ [●]% of the Projected Expenditure  | ●    |
| FIRST PAYMENT (FIRST PERIOD : 1-[●] MTHS)<br>(First Payment shall not exceed 60% of SIIRD Funding of Projected Expenditure)<br>After the first project review, receipt & approval of the complete First Report   | ●    |
| FINAL PAYMENT ([●]-[●] MTHS)<br>(Aggregate of First Payment and Final Payment shall not exceed 100% of Projected Expenditure)<br>After the final project review, receipt & approval of the complete Final Report together with an audited statement from the external auditor certifying the accounts of the project expenses are in accordance with the generally accepted accounting principles. | ●    |

## **ANNEX C - APPROVED PROGRAM PLAN**

## **ANNEX D - ROYALTY PAYMENTS ON SALE OF PATENTED PRODUCTS**

1. **ROYALTY RATE:** The Royalty Rate in accordance with Clause 3.5 shall be 1.5%.
2. **ROYALTY BASE:**
  - (a) Where the product sold by the Third Party consists of the Innovation and such Innovation consists essentially of, or depends primarily on, a patented invention or inventions made in whole or in part as part of the SIIRD-supported work on the project, the Royalty Base shall be the Gross Sales of the product as defined in Clause 3.2.
  - (b) Where the product sold consists of an assemblage of subsystems or entities, the Royalty Base shall be the Gross Sales of the product multiplied by a fraction the numerator of which shall be the manufacturing cost of those subsystems or entities which incorporate a patented invention or inventions made in whole or in part on the implementation of the Proposal, and the denominator of which shall be the manufacturing cost of the product sold.
  - (c) If, however, a market price shall have been established for any subsystem or entity which incorporates a patented invention or inventions made in whole or in part under this project and which is sold separately, sold as part of the Innovation, or sold as part of any other product, such market price shall be the Royalty Base.
3. **ROYALTY:** The Royalty due shall be the Royalty Rate multiplied by the appropriate Royalty Base.
4. **ROYALTY PAYMENTS:**
  - (a) Save as provided in sub-paragraph (c) of this paragraph 4, no Royalty payments shall be made on sales between Participants and the Third Party.
  - (b) Each Participant shall make Royalty payments, as computed according to paragraphs 1., 2., and 3. of this Annex D, only when there is outstanding obligation of the Participant with respect to payments under Clause 3 of this Agreement.
  - (c) However, in no event shall the Participant's obligation with respect to payments be greater than the amounts indicated in Clause 3.1(b) of this Agreement. Should Participant's obligations for payment to SIIRD under Clause 3.1(b) not be fully discharged, any such deficiency shall be made up from Royalty payments on sales of the products between the Participants and the Third Party under sub-paragraph (a) of this paragraph 4, if any.
5. **TERMS OF ROYALTY PAYMENTS:**

The obligation to make Royalty payments in the full amount under this Agreement shall continue for the life of the last-to-expire patent issued on any invention made in whole or in part under this SIIRD-supported project.
6. Royalty payments shall be made on a semi-annual calendar basis, commencing at the end of the semi-annual period during which any royalty first becomes due.
7. **DEFINITIONS**

The terms "Royalty Rate", "Royalty Base" and "Royalty" shall have the meanings as respectively provided in paragraphs 1, 2 and 3 of this Annex D, and "Third Party" shall mean such third party person(s) who is granted the right for the sales of any products embodying the Innovation or made by practicing the Innovation under a license of a patent obtained for the Innovation.

## **ANNEX E - LICENSE AGREEMENTS**

- 1.** If any patented invention or inventions made in whole or in part under this SIIRD – supported project becomes the subject of any license agreement between the Participants, or either Participant, and a third party, such licensor-Participant shall pay to SIIRD 30% of all payments received by it under such license agreement.
- 2.** If any technology developed, but not including any patented invention or inventions made in whole or in part under this SIIRD-supported project, becomes the subject of any license agreement between the Participants, or either Participant, and a third party, such licensor-Participant shall pay to SIIRD 30% of all payments received by it under such license agreements.
- 3.** In no event shall this Annex E be construed as requiring payments of any amounts greater than those indicated in Clause 3.1(b) of this Agreement.
- 4.** "License Agreement" as defined in paragraphs 1. and 2. of this Annex E shall comprise only license agreements under which the Participants, or either Participant, cedes to third parties the rights to use any patents or technology arising from this SIIRD-supported project for purposes of using the said patents or technology for engendering sales or products developed hereunder. "License Agreements" shall not include any license agreements which the Participants, or either Participants, enters into as a necessary, common or convenient means by which said products are sold to end-users in the ordinary course of business.

## SCHEDULE 1 – PROPOSAL