THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Ascentage Pharma Group Corporation, Ltd.

Action Requested: Approval of License Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement. This then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Board and agreed to by the parties involved.

This proposed license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Shaomeng Wang is both an employee of the University of Michigan ("University") and a partial owner of Ascentage Pharma Group Corporation, Ltd. The law permits such an agreement provided it is disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. Shaomeng Wang, Professor of Internal Medicine, Medical School, is a partial owner of a for-profit company called Ascentage Pharma Group Corporation, Ltd. ("Company"). The Company has been formed to evaluate the potential for commercializing a variety of compounds with anti-cancer applications. The Company wishes to obtain an exclusive license for the following technologies from the University:

UM OTT File No. 4139, entitled: "Bivalent Diazo Bicyclic Smac Mimetics and the Uses Thereof" "Treatment of Cancer" (Wang and Haiying Sun)

UM OTT File No. 4241, entitled: "Stat3 Inhibitors and Therapeutic Methods using the Same" (Wang, Jiangyong Chen, Cindy Gomez, Longchuan Bai, Nikolovsksa-Coleska)

UM OTT File No. 4676, entitled: "Peptidomimetic Small Molecule Inhibitors of the WDRS and MLL1 Interaction" (Elizabeth Townsend, Yali Dou, Hacer Karatas and Wang)

UM OTT File No. 4790, entitled: "Bivalent Small-Molecule Antagonists of IAP Proteins and Their Use Thereof" (Rong Sheng, Haiying Sun, Liu Kiu, Jianfeng Lu, Donna McEachern and Wang)
UM OTT File No. 4791, entitled: “Small-Molecule Inhibitors of Bcl-2 and Bcl-xl Proteins and Their Use Thereof” (Haibin Zhou, Jianfang Chen, Angelo Aguilar, Chao-Yie Yang, Liu, Bai, McEachern, Jeanne Stuckey-Cupp, Jennifer Meagher, Duxin Sun, Xiaojin Li, and Wang)

Parties to the Agreement:

The Regents of the University of Michigan and Ascentage Pharma Group Corporation, Ltd.

Agreement Terms Include:

License terms include giving the Company an exclusive license with the right to grant sublicenses. The Company will pay a license fee, annual minimums, milestone payments and royalties on sales while reimbursing patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the Agreement may be amended by consent of the parties. Additional review by the Medical School Conflict of Interest Board will be done as appropriate.

Pecuniary Interest:

The pecuniary interest of Dr. Wang arises from his ownership interests in Ascentage Pharma Group Corporation, Ltd.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an exclusive license agreement for patents related to the UM OTT File numbers listed above in the field of human therapeutics and diagnostics.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. In light of this disclosure and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the License Agreement between the University and Ascentage Pharma Group Corporation, Ltd.

Respectfully Submitted,

[Signature]

Stephen R. Forrest
Vice President for Research

December 2010