

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

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

Action Requested: Approval of the Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement that 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 the Board and agreed to by the parties involved in this plan.

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

Background:

Shaomeng Wang, PhD, a Professor in the Department of Internal Medicine – Hematology/Oncology, is a partial owner of a for-profit company called Ascentage. (the “Company”). The Company was formed to discover, develop, and commercialize pharmaceuticals for the treatment of various types of cancer, and desires to option from the University of Michigan the University’s rights associated with the following technologies:

UM OTT File No. 2018-409, entitled: “Small-Molecule Degradors of MDM2” (Inventors: Angelo Aguilar, Yangbing Li, Donna McEachern, Jiuling Yang, Shaomeng Wang)

UM OTT File No. 7053, entitled: “Small-Molecule Degradors of MDM2 Protein” (Inventors: Angelo Aguilar, Xin Han, Jiantao Hu, Yangbing Li, Rohan Kalyan Rej, Fuming Xu, Jiuling Yang, Bing Zhou, Shaomeng Wang)

The Office of Technology Transfer selected the Company as a University partner and negotiated the terms of the proposed Agreement in accordance with University policy and its accepted licensing principles.

Parties to the Agreement:

The Regents of the University of Michigan and Ascentage

Agreement Terms Include:

Agreement terms include granting the Company an exclusive option. During the option period, the company will reimburse the University for patent costs. The terms of the option are that under any future license agreement with the University, the Company will pay a royalty on sales, pay back-patent expenses and continue to reimburse all future patent expenses. Moreover, under any such future license agreement, the University may receive equity in the Company, along with the right to purchase more equity.

The University will retain ownership of the optioned technologies and may continue to further develop and use them 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, such as adding related technology. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Wang arise from his ownership interest in Ascentage.

Net Effect:

The Office of Technology Transfer has negotiated a worldwide exclusive option agreement for patents related to UM OTT File Nos. 2018-409 and 7053 for the fields of use of treating and diagnosing human and animal diseases. Ascentage will obtain the exclusive right to evaluate the above listed University technologies.

Recommendations:

This matter has been reviewed and approved by Medical School Conflict of Interest Review 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 Agreement between the University and Ascentage Pharma Group Corporation Ltd.

Respectfully submitted,



Rebecca Cunningham
Vice President for Research

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