

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents  
September 17, 2009

ACTION REQUEST

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

Action Requested: Approval of Option 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 option 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. ("Company"). 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. 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 option for the following technologies from the University:

UM OTT File # 2784, entitled: "Apogossypolone and the Method of Use of Treatment for Human Cancer" (Wang, Dajun Yang, Jiangyong Chen, Zaneta Nikolovska-Coleska)

UM OTT File # 4139, entitled: "Bivalent diazo bicyclic smac mimetics and the uses thereof "Treatment of Cancer" (Wang and Haiying Sun)

UM OTT File # 4241, entitled: "Stat3 Inhibitors and Therapeutic Methods using the Same" (Wang, Jiangyong Chen, Cindy Gomez, Longchuan Bai, Nikolovsk-Coleska)

Parties to the Agreement:

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

Agreement Terms Include:

Agreement terms include giving the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs. The University will retain ownership of the optioned 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 option agreement for patents related to the UM OTT File numbers listed above in the field of human therapeutics and diagnostics. The Company will obtain evaluation rights to the above listed University technologies.

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 Option Agreement between the University and Ascentage Pharma Group Corporation, Ltd.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

September 2009