

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

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

Action Requested: Approval of Amendment to License 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 this Board and agreed to by the parties involved in this plan.

This proposed license agreement amendment ("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. ("Ascentage"). 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, a Professor of Internal Medicine in the Medical School, is a partial owner of a for-profit company called Ascentage (the "Company"). The Company was formed in 2009 to commercialize a variety of compounds with anti-cancer applications and entered into a license agreement with the University in 2010. The Company desires to add to its existing license the University's rights associated with the following technologies:

UM OTT File No. 4028, entitled: "SMAC Mimetics" (Haiying Sun, Zaneta Nikolovska-Coleska, Qie Su, and Shaomeng Wang)

UM OTT File No. 2784, entitled: "Apogossypolone and the Method of Use of the Treatment of Human Cancer and Other Conditions" (Jianyong Chen, Dajun Yang, Nikolovska-Coleska, and Wang)

UM OTT File No. 5229, entitled: "Cyclized Peptidomimetic Small Molecule Inhibitors of the WDR5 and MLL1 Interaction" (Hacer Karatas, Yali Dou, Elizabeth Townsend, Denzil Bernard, Fang Cao, and Wang)

Parties to the Agreement:

The Regents of the University of Michigan and Ascentage

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay a license fee, annual minimums, milestone payments, royalties on sales and reimburse 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, 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.

Pursuant to the Michigan Investment in New Technology Startups program ("MINTS") approved by the Regents on December 15, 2011, the University may invest up to \$1,000,000 per qualifying financing round up to, for purposes of this approval, a total of \$2.5 million in this Company.

Pecuniary Interest:

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

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an amendment to the existing worldwide exclusive license agreement for patents related to the UM OTT File Nos. 4028, 2784, and 5229 for the field of human therapeutics and diagnostics.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board and a plan has been developed to manage the potential risks associated with the conflict of interest. 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 Amendment to the License Agreement between the University and Ascentage Pharma Group Corporation, Ltd.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

February 2013