Merck and Kelun-Biotech Announce Exclusive License and Collaboration Agreement for Seven Investigational Antibody-drug Conjugate Candidates for the Treatment of Cancer

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RAHWAY, N.J.--(BUSINESS WIRE)-- Merck (NYSE: MRK), known as MSD outside of the United States and Canada, and Kelun-Biotech (a holding subsidiary of Sichuan Kelun Pharmaceutical Co., Ltd), a clinical-stage biotech company focused on biologic and small molecule discovery and development, today announced that the companies have entered into an exclusive license and collaboration agreement to develop seven investigational preclinical antibody-drug conjugates (ADC) for the treatment of cancer.

“Advances in ADC technologies are yielding a new generation of candidates designed to more precisely target and deliver potent anticancer agents to the tumor site,” said Dr. Dean Y. Li, president, Merck Research Laboratories. “We continue to augment our oncology pipeline and look forward to working with the Kelun-Biotech team to advance these candidates to the patients that need them.”

Under the agreement, Kelun-Biotech has granted Merck exclusive global licenses to research, develop, manufacture and commercialize multiple investigational preclinical ADC therapies and exclusive options to obtain additional licenses to ADC candidates. Kelun-Biotech retains the right to research, develop, manufacture and commercialize certain licensed and option ADCs for mainland China, Hong Kong and Macau.

“The further expansion of our collaboration with Merck provides a strong endorsement for our technology from a leader in the development of cancer treatments,” said Dr. Junyou Ge, chief executive officer of Kelun-Biotech. “We are grateful for our partnership with the Merck scientists.”
Kelun-Biotech will receive an upfront payment of $175 million from Merck. Kelun-Biotech is also eligible to receive future development, regulatory and sales milestone payments totaling up to $9.3 billion, if Kelun-Biotech does not retain mainland China, Hong Kong and Macau rights for the option ADCs and all candidates achieve regulatory approval, plus tiered royalties on net sales for any commercialized ADC product. Merck also intends to make an equity investment in Kelun-Biotech. The transaction is subject to customary closing conditions including regulatory approval under the Hart-Scott Rodino (HSR) Act and approvals by the shareholders of Kelun-Biotech and Sichuan Kelun Pharmaceutical Co., Ltd.

This announcement follows previously disclosed research collaboration and licensing agreements for two ADC candidates including MK-2870 (also known as SKB-264), an investigational TROP2 targeting ADC currently being evaluated in late-stage clinical trials.

**Merck’s focus on cancer**

Our goal is to translate breakthrough science into innovative oncology medicines to help people with cancer worldwide. At Merck, the potential to bring new hope to people with cancer drives our purpose and supporting accessibility to our cancer medicines is our commitment. As part of our focus on cancer, Merck is committed to exploring the potential of immuno-oncology with one of the largest development programs in the industry across more than 30 tumor types. We also continue to strengthen our portfolio through strategic acquisitions and are prioritizing the development of several promising oncology candidates with the potential to improve the treatment of advanced cancers. For more information about our oncology clinical trials, visit [www.merck.com/clinicaltrials](http://www.merck.com/clinicaltrials).

**About Merck**

At Merck, known as MSD outside of the United States and Canada, we are unified around our purpose: We use the power of leading-edge science to save and improve lives around the world. For more than 130 years, we have brought hope to humanity through the development of important medicines and vaccines. We aspire to be the premier research-intensive biopharmaceutical company in the world – and today, we are at the forefront of research to deliver innovative health solutions that advance the prevention and treatment of diseases in people and animals. We foster a diverse and inclusive global workforce and operate responsibly every day to enable a safe, sustainable and healthy future for all people and communities. For more information, visit [www.merck.com](http://www.merck.com) and connect with us on [Twitter](http://Twitter), [Facebook](http://Facebook), [Instagram](http://Instagram), [YouTube](http://YouTube) and [LinkedIn](http://LinkedIn).

**About Kelun-Biotech**

Kelun Biotech is a clinical-stage biotech company established in 2016, a holding subsidiary of Sichuan Kelun Pharmaceutical Co., Ltd, engaged in biologic therapeutics as well as small molecule discovery and development. The company focuses on unmet medical needs such as oncology and autoimmune conditions and strives to be a leader...
in novel therapeutic discovery and development. Since its inception, Kelun-Biotech has established multi-modal drug discovery platforms based on global standards and made important development breakthroughs in antibody-drug conjugation, immuno-oncology, bispecific antibody and novel small molecule targeting and designs.

Kelun-Biotech’s current pipeline includes 33 therapeutic programs for the treatment of cancers, autoimmune conditions, infectious diseases, and metabolic syndromes. Fourteen programs are in clinical development in China, two of which have entered into clinical development in the US. Most notably, Kelun-Biotech has built out a proprietary ADC platform which is protected by a complex patent portfolio. Our comprehensive ADC capabilities range from novel target discovery, payload screening, linker design, as well as GMP manufacturing. As of today, Kelun-Biotech is advancing over 10 novel ADC programs in varying stages of development.

For additional information, please contact klbio_bd@kelun.com (China) or bd@kluspharma.com (US).

Forward-Looking Statement of Merck & Co., Inc., Rahway, N.J., USA
This news release of Merck & Co., Inc., Rahway, N.J., USA (the “company”) includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based upon the current beliefs and expectations of the company’s management and are subject to significant risks and uncertainties. There can be no guarantees with respect to pipeline candidates that the candidates will receive the necessary regulatory approvals or that they will prove to be commercially successful. If underlying assumptions prove inaccurate or risks or uncertainties materialize, actual results may differ materially from those set forth in the forward-looking statements.
Risks and uncertainties include but are not limited to, general industry conditions and competition; general economic factors, including interest rate and currency exchange rate fluctuations; the impact of the global outbreak of novel coronavirus disease (COVID-19); the impact of pharmaceutical industry regulation and health care legislation in the United States and internationally; global trends toward health care cost containment; technological advances, new products and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approval; the company’s ability to accurately predict future market conditions; manufacturing difficulties or delays; financial instability of international economies and sovereign risk; dependence on the effectiveness of the company’s patents and other protections for innovative products; and the exposure to litigation, including patent litigation, and/or regulatory actions.
The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Additional factors that could cause results to differ materially from those described in the forward-looking statements can be found in the company’s Annual Report on Form 10-K for the year ended December 31, 2021 and the company’s other filings with the Securities and Exchange Commission (SEC) available at the SEC’s Internet site (www.sec.gov).
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