

Merck, Kelun-Biotech ink \$9.3 B licensing pact for seven cancer candidates in China

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Exclusive license and collaboration agreement for seven investigational antibody-drug conjugate candidates for the treatment of cancer



Merck, and Kelun-Biotech (a holding subsidiary of Sichuan Kelun Pharmaceutical in China), a clinical-stage biotech company focused on biologic and small molecule discovery and development, have entered into an exclusive license and collaboration agreement to develop seven investigational preclinical antibody-drug conjugates (ADC) for the treatment of cancer.

Under the agreement, Kelun-Biotech has granted Merck exclusive global licenses to research, develop, manufacture and commercialise 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 commercialise certain licensed and option ADCs for mainland China, Hong Kong and Macau.

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 commercialised 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.