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Can China Innovate? Degron Aims For First-In-Class TPD Therapies

New Funds For Novel Platform

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Executive Summary

Fresh out of an impressive new round of financing and armed with \$32m, Shanghai's Degron Therapeutics is aiming for nothing but first-in-class treatments. Its co-founder and CSO shares views on creating original innovative drugs from inside China in an exclusive interview with *Scrip*.

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DEGRON ONE OF THE LATEST CHINESE BIOTECHS DEVOTED TO DEVELOPING INNOVATIVE DRUGS

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China's Degron Therapeutics is one of a select few biotech start-ups to grab investors' attention recently, while many of its peers have been struggling to raise new funds.

The Shanghai-based venture, founded only in April 2021, develops small molecule compounds in the hot new area of targeted protein degradation using a proprietary molecular glue-based platform. (Also see "Scrip's Rough Guide To Targeted Protein Degradation" - Scrip, 28 Feb, 2022.)

Adding to its initial angel funding totalling \$10m, the company on 9 June completed a Series A funding to raise another impressive \$22m. The round was led by the Shanghai-headquartered venture capital fund Med-Fine Capital, with additional investors including Dye Capital, Baidu Venture and NeuX Capital, as well as seed investors CO-WIN Ventures and Yuanbio Venture Capital.



Degron co-founder and CSO Yong Cang

drugs for previously undruggable targets in oncology and other therapeutic areas.

The technology uses a combination of phenotypic screening, proteomic screening and artificial intelligence to predict novel targets. Beginning with a novel, patented scaffold, the venture has already created more than 60 novel diverse cores and 6,000 compounds, nearly all of which bind to cereblon (CERN), an E3 ligase that promotes protein ubiquitination and degradation.

Initially, Cang is primarily taking aim at two oncology targets, although the platform has also yielded other preclinical candidates in inflammatory and rare diseases. WEE1 is engaged in DNA damage repair (DDR) and the other is an unspecified RNA binding protein which is so far undruggable, hence the future potential of first-in-class molecules. Both programs have entered the lead-optimization phase, with WEE1 being the more advanced.

“We have several lead compounds [targeting WEE1] and expect to nominate preclinical candidate compounds in the first quarter of next year,” Cang noted, adding that Degron is also exploring the possibility of using a WEE1-targeting molecular glue degrader in combination with DDR inhibitors.

Significantly, the professor stressed that the R&D on these two targets had started from scratch, driven by Degron’s tech’s cereblon-engaging chemical libraries to screen for novel molecular glue-type degraders of cancer-driving oncoproteins without a certain target protein at the very beginning.

“Developing first-in-class drugs is such a natural process that we don’t do it for its own sake,” Cang commented.

Innovation From China

Cang attributed the bioventure’s progress to his 20-year overseas and domestic research journey in the biology of the Cullin Ring Ligase 4 (CRL4) ubiquitin ligase, particularly CRL4CERN, and its application to targeted protein degradation.

Although starting a commercial bioventure, the CSO continues to take pride in being a basic research scientist. “I still think that I’m a ubiquitin ligase expert,” he commented. “Discovering molecular glue drugs serves as a natural extension of my expertise.”

Cang’s dual identity as entrepreneur and scientist also differentiates Degron from other Chinese biotechs that can sometimes be short of a basic research team essential for original innovation. “Unlike in the US, such basic research from academia in support of a biotech’s original innovation is insufficient in China,” the executive said.

The actual contrast could be even more stark, given that Chinese university researchers may live off publishing the type of scientific papers that will eventually help land them a senior administrative position and ranking but largely leave them out of touch with actual practical industry needs.

Still, Cang emphasized, the trend of original innovation coming out of China is here to stay despite these specific characteristics.

Degron’s pursuit of potential first-in-class therapies and intention to benchmark itself against global leaders in the molecular glue space such as Bristol Myers Squibb Company/Celgene Corporation and Monte Rosa Therapeutics, Inc. helped the still preclinical-stage biotech raise “lots of cash,” Yong Cang, co-founder and chief scientific officer, told *Scrip* in an interview.

The new funding took shape despite the cold shoulders from investors many Chinese biotechs have encountered recently, especially those without revenue prospects for the near future, said Cang, who is also a professor at the School of Life Science and Technology at ShanghaiTech University.

He added that the overall environment is more challenging for companies that are “fast followers” of western drug makers or develop me-too drugs without a differentiation strategy.

“Investors are getting more sophisticated by putting investment programs in a global context to judge their competitiveness,” Cang observed. “So our company has stood out.”

Targeting WEE1 and RNA Binding Protein

Degron plans to use the fresh proceeds to advance the company’s GlueXplorer platform, which is a molecular glue-based targeted protein degradation platform to accelerate the development of novel

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