# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

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# FORM 8-K

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of report (date of earliest event reported): January 29, 2014**

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# XENETIC BIOSCIENCES, INC.

**(Exact name of registrant as specified in its charter)**

| **Nevada** | **333-178082** | **45-2952962** |
|---|---|---|
| **(State or Other Jurisdiction of Incorporation)** | **(Commission File Number)** | **(IRS Employer Identification No.)** |

99 Hayden Avenue, Suite 230, Lexington, Massachusetts 02421
**(Address of principal executive offices) (Zip Code)**

**Registrant's telephone number, including area code:** (781) 778-7722

**Copy of correspondence to:**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01 Entry into a Material Definitive Agreement.**

**Item 3.02 Unregistered Sales of Equity Securities.**

*Stock Purchase Agreement*

On January 29, 2014, Xenetic Biosciences, Inc. (the "Company") entered into a stock purchase agreement (the "Purchase Agreement") with Baxter Healthcare SA ("BHSA"), pursuant to which the Company sold to BHSA 10,695,187 shares of the Company's common stock, par value $0.001 per share (the "Shares") for $10 million (the "Purchase Price").

Pursuant to the Purchase Agreement, BHSA agreed that until the earlier of (i) three months after the effective date of the listing of the Company's common stock on the NASDAQ Stock Market or (ii) January 29, 2015 (such earlier date, the "Lock-Up Expiration Date"), BHSA would not assign, transfer, sell or dispose of the Shares to any party other than a wholly owned subsidiary. In addition, BHSA agreed that until the twelve-month anniversary of the Lock-Up Expiration Date, it would not sell or offer to sell any shares of common stock of the Company in an amount that would exceed fifteen (15%) of the daily trading volume of the Company's common stock on the principal market or exchange on which the Company's shares of common stock are traded, and in no event would BHSA sell or offer to sell more than fifteen (15%) of the Shares in any one (1) month period.

Pursuant to the Purchase Agreement, the Company agreed to use its best efforts to have its common stock listed on the NASDAQ Stock Market on or prior to October 29, 2014. In addition, in the event that the average closing price of the Company's common stock during the period from January 29, 2014 through February 28, 2014, multiplied by the total number of shares of common stock of the Company outstanding at the close of business on January 29, 2014 is less than $130 million, the Company will issue BHSA an option (the "Option") to purchase additional shares of common stock, at a price per share of $0.001 per share. The number of shares of common stock issuable upon the option is determined according to the formula as follows:

$$\text{Option shares} = -(1 - (A / (B \times C))) \times D$$

For purposes of the foregoing formula:

A = $130,000,000

B = the average closing price of the Company's common stock during the period from January 29, 2014 through February 28, 2014

C = the total number of shares of common stock of the Company outstanding at the close of business on January 29, 2014

D = 10,065,187

The Purchase Agreement further provides that in no event will the value of (B x C) in the formula above will be less than $67,000,000.

The Shares were sold in a private placement and were not registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(a)(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering. BHSA is an "accredited investor" as such term is defined in Regulation D promulgated under the Securities Act.

*License Agreement Amendment*

Pursuant to an amendment agreement (the "License Amendment"), dated January 29, 2014, among BHSA, Baxter Healthcare Corporation (together with BHSA, "Baxter") and Lipoxen Technologies Limited ("Lipoxen"), a wholly owned subsidiary of the Company. Baxter and Lipoxen agreed to vary the terms of the existing Exclusive Research, Development and License Agreement (the "Agreement") between the parties dated August 15, 2005.

The Agreement grants Baxter exclusive rights under Lipoxen's polysialic acid technology in a field which broadly correlates to blood coagulation factors. Under the License Amendment, which was conditional upon the closing of the Purchase Agreement, Baxter agreed to:

- Increase the royalty rate payable to Lipoxen on sales of products developed under the Agreement. The royalty rate remains tiered, increasing in accordance with the level of annual sales made by Baxter each year;

- Increase the contingent milestone payments payable to Lipoxen on the occurrence of significant development and commercial events to a total of up to $100 million. Trigger events include successful completion of certain aspects of a Phase 1/2 Clinical Trial and a Phase 3 Clinical Trial, the grant of regulatory approval and the achievement of certain sales targets in relation to products developed under the Agreement. Successful completion depends on detailed scientific criteria relating to the performance of the trial drug in the relevant trial;

- Collaborate with Lipoxen by way of enhanced information sharing and reporting to Lipoxen; and

- Provide Lipoxen with rights to certain intellectual property on termination or expiry of the Agreement.

In return for these enhanced rights, Lipoxen has agreed to extend the dates by which Baxter is obliged to achieve certain development events, including the making of regulatory filings and the completion of clinical trials. Lipoxen has also agreed to clarify certain issues relating to the ownership and use of intellectual property rights arising from the project.

**Item 8.01 Other Events.**

On January 30, 2014, the Company issued a press release announcing that it had entered into the Purchase Agreement and License Amendment. A copy of the press release is attached hereto as Exhibit 99.01 to this Current Report on Form 8-K and is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99.01 Press Release, dated January 30, 2014, issued by Xenetic Biosciences, Inc.

**SIGNATURE**

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**XENETIC BIOSCIENCES, INC.**

Date: January 30, 2014

By: */s/ M. SCOTT MAGUIRE*
M. Scott Maguire
President and Chief Executive Officer

**Xenetic Biosciences Announces Restructured Licensing Agreement with Baxter Now Totaling Up to $100 Million, in Addition to $10 Million Equity Investment**

LEXINGTON, MA: January 30, 2014: Xenetic Biosciences, Inc. (OTCBB: GAIFD), a biopharmaceutical company developing next-generation biologic drugs and novel oncology therapeutics, today announced that it has received a direct investment of $10 million from Baxter International, Inc. and has agreed to a restructuring of certain financial and timing aspects of its existing licensing deal with Baxter. The amended license agreement includes increased contingent milestone payments, now totaling up to $100 million, as well as increased royalties on sales.

“We are extremely pleased by Baxter’s commitment to Xenetic and to our longstanding collaboration to develop polysialylated blood coagulation factors using Xenetic’s unique technology,” said Scott Maguire, Chief Executive Officer of Xenetic. “The new terms in our agreement represent enhanced economics for Xenetic. Additionally, we expect to utilize the capital resulting from Baxter’s equity investment to further advance our development pipeline programs, particularly in the orphan drug arena, which feature a number of potential near-term, value-creating clinical milestones. This important new investment from our leading license partner is a genuinely dynamic development for the Company as we start our new life in the United States and it augurs well for our future in the world’s leading economy and pharmaceutical market.”

Brian Goff, head of Baxter’s hemophilia organization, commented, “Through our Xenetic partnership, we are seeking to identify and develop a treatment that the majority of hemophilia patients could administer less frequently, potentially at once weekly intervals, without compromising efficacy. Our investment in Xenetic reflects our continued commitment to the hemophilia community and to our pursuit of a bleed-free world."

In August 2005, Xenetic and Baxter established an exclusive worldwide agreement to develop novel forms of polysialylated blood coagulation factors, including Factor VIII, using Xenetic technology to conjugate polysialic acid (PSA) to therapeutic blood-clotting factors. The goal of the program is to improve the pharmacokinetic profile and extend the active life of these factors, thereby improving upon existing therapies and increasing quality of life of patients.

**About Xenetic Biosciences**

Xenetic Biosciences is a biopharmaceutical company developing next-generation biologic drugs and novel oncology therapeutics. Xenetic’s proprietary drug technology platforms include PolyXen® for creating next generation biologic drugs by extending the efficacy, safety and half-life of biologic drugs and OncoHist® for the development of novel oncology drugs focused on orphan indications. Xenetic’s lead product candidates include ErepoXen®, an improved, polysialylated form of erythropoietin (EPO) for the treatment of anemia in pre-dialysis patients with chronic kidney disease and OncoHist®, a recombinant human histone H1.3 molecule which Xenetic is developing for the treatment of refractory Acute Myeloid Leukemia (AML). Xenetic is developing a novel series of polysialylated blood coagulation factors through its license agreement with Baxter International Inc. Xenetic is also developing a broad pipeline of clinical candidates for next generation biologics and novel oncology therapeutics in a number of orphan disease indications. For more information, please visit the company's website at www.xeneticbio.com.

**Forward-Looking Statements**

*Certain statements in this press release are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words such as "anticipate," "believe," "forecast," "estimate" and "intend," among others. These forward-looking statements are based on Xenetic's current expectations and actual results could differ materially. There are a number of factors that could cause actual events to differ materially from those indicated by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, uncertainties associated with completing preclinical and clinical trials for our technologies; the early stage of product development; the significant costs to develop our products as all of our products are currently in development, preclinical studies or clinical trials; obtaining additional financing to support our operations and the development of our products; obtaining regulatory approval for our technologies; anticipated timing of regulatory filings and the potential success in gaining regulatory approval and complying with governmental regulations applicable to our business. Xenetic does not undertake an obligation to update or revise any forward-looking statement. The information set forth herein speaks only as of the date hereof.*

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