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Xenetic Biosciences Announces Positive Phase 1 Clinical Results for PSA-Oxyntomodulin for the Treatment of Type II Diabetes and Obesity

LEXINGTON, Mass., May 12, 2014 (GLOBE NEWSWIRE) -- Xenetic Biosciences, Inc. (OTCBB:XBIO), a biopharmaceutical company focused on developing next-generation biologic drugs and novel oncology therapeutics, today announced positive results from a Phase 1 clinical trial of PSA-Oxyntomodulin for the treatment of Type II Diabetes, a highly prevalent and often debilitating disorder, and obesity. The single center, randomized, placebo-controlled trial was conducted in Russia by Xenetic's collaborator, OJSC Pharmsynthez, pursuant to the parties' previously announced collaboration agreement. In this study, PSA-Oxyntomodulin was administered once to 12 healthy volunteers subcutaneously at three different dose levels (0.25, 0.75 and 1.5 mg/kg) with a placebo administration in each cohort. PSA-Oxyntomodulin was found to be safe and well tolerated in all patients.

"The positive safety and tolerability data on this molecule targeting Type II Diabetes and obesity provides Xenetic with yet another opportunity to expand its US and European pipeline with a product candidate that has provided clinical data through our collaborations. Xenetic now has five candidates in seven therapeutic areas that have provided clinical data through our collaborations," said Scott Maguire, CEO of Xenetic Biosciences. "Deriving clinical data from our international partnerships is an integral part of the Company's strategy to strive to de-risk drug development whereby we seek to understand the clinical success potential of a product candidate before allocating our resources to pursuing an Investigational New Drug (IND) filing with the U.S. Food and Drug Administration (FDA)."

Oxyntomodulin is a peptide hormone that acts as a dual GLP-1/Glucagon receptor agonist, with the potential to promote weight loss while improving glycemic control. In humans, oxyntomodulin has been shown to increase energy expenditure, while reducing food intake and body weight, although its clinical utility is limited by its short circulating half-life. PSA-Oxyntomodulin is a polysialic acid-conjugated form of oxyntomodulin that is being developed using Xenetic's patented PolyXen™ delivery technology. It has been designed as a long-acting version of oxyntomodulin for the treatment of Type II Diabetes and obesity, and is intended to reduce the required dosage frequency by prolonging the half-life, while improving the hormone's pharmacokinetics and pharmacodynamics.

In November 2011, Xenetic entered into a collaborative research and development license agreement with OJSC Pharmsynthez pursuant to which Xenetic granted an exclusive license to OJSC Pharmsynthez to develop, commercialize and market six product candidates based on Xenetic's PolyXen® and ImuXen® technology anywhere within Russia and the Russian

Commonwealth of Independent States (CIS). In exchange, OJSC Pharmsynthez granted an exclusive license to Xenetic to use any pre-clinical and clinical data developed by OJSC Pharmsynthez, within the scope of the agreement, and to engage in further research, development and commercialization of drug candidates in any territory outside of Russia and the CIS at Xenetic's own expense.

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, including statements concerning the clinical safety, tolerability and efficacy of PSA-Oxyntomodulin and the commercial potential of this product candidate. These forward-looking statements are based on Xenetic's current expectations and actual results could differ materially. Future clinical trials of PSA-Oxyntomodulin may not be consistent with the results of this early Phase I trial. 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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