



Shift to Direct Marketing Model for Etuary® Sales by Beijing Continent Pharmaceutical Co., Ltd.

August 18, 2016 – Beijing Continent Pharmaceutical Co., Ltd. (Beijing Continent), a majority owned subsidiary of the GNI Group Ltd., is shifting to a direct marketing model using an internal team to manage sales and marketing activities in the majority of provinces in China for its Etuary® pharmaceutical drug. This new marketing model enables Beijing Continent to further maximize the potential of Etuary®, provide greater patient access to its key drug therapy, and fully comply with China’s new 2-invoice drug sales system. The new model will be phased-in through the second half of the fiscal year 2016.

Since Beijing Continent’s launch of Etuary® sales in China for the treatment of idiopathic pulmonary fibrosis (IPF) in 2014, external distributors were used for nationwide sales with the Company managing marketing and educational activities in-house. Beijing Continent has been gradually building its own sales capabilities, with internal sales teams developing expertise in specialized orphan drug sales and exceeding sales targets. The Company has decided to phase-out its distribution contracts and assume direct marketing responsibility for the majority of its China market sales activities. Management is confident this new sales strategy will generate higher revenue growth rates and improved profit margins going forward. Importantly, it will also enable Beijing Continent to provide higher quality service to IPF patients in China via coordinated direct access to hospitals, doctors, and patients.

In association with this new sales strategy, BC will also start to build an innovative eHealth platform through corporation with other parties and join other prominent hospital groups for the national precision healthcare initiative in IPF areas. The goal is to provide personalized medicine and healthcare consulting to individual IPF patients.

About GNI

GNI Group Ltd. is a multinational biopharmaceutical company focused on research, development, manufacture, and commercialization of therapeutic agents for endemic diseases in Asia and worldwide. In addition to its CFDA Class 1.1 approved drug Etuary®, the only approved therapy for Idiopathic Pulmonary Fibrosis in China, GNI Group Ltd. has a robust drug development pipeline focused on innovative therapeutic agents for diseases including radiation pneumonitis, diabetic nephropathy, liver fibrosis (cirrhosis), acute-on-chronic liver failure (ACLF) and acute



promyelocytic leukemia (APL). GNI Group Ltd. is listed on the Tokyo Stock Exchange Mothers Market, Code 2160, with headquarters in Tokyo and subsidiaries in Hong Kong, Shanghai, Beijing and the United States. For further information, please visit www.gnipharma.com.

For further inquiries:

+81 (03) -6214-3600

Email: infojapan@gnipharma.com

This press release contains "forward-looking" statements, including statements related to our group's plans to pursue development of product candidates and the timing thereof. Any statements contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Words such as "continue," "expected to", "will" and similar expressions are intended to identify these forward-looking statements. There are a number of important factors that could cause our group's results to differ materially from those indicated by these forward-looking statements, including risks associated with the timing and success of clinical trials and the commercialization of product candidates. Our group does not undertake any obligation to update forward-looking statements.