



GNI Group Business Operation Update

January 30, 2019 – GNI Group Ltd. is providing the following update on our business operations.

F351 for liver fibrosis is the most important clinical development program of the GNI Group. In October 2018, we disclosed that the Independent Data Monitoring Committee notified the Company that the on-going F351 Phase II clinical trials in China demonstrated positive efficacy, dose-response, and optimal dosage determination. The safety profile in patients also indicated positive results. The Committee further recommended to halve enrollment of additional patients and complete the trial with then currently enrolled patients. As of today, the Company has enrolled 177 patients in the Phase II trial. 121 subjects have completed the trial, 25 subjects dropped out due to various reasons, and the remaining 31 subjects are expected to complete the trial by the end of August, 2019.

In view of the aforementioned positive efficacy and safety information and pending completion of this Phase II trial, the Company is also preparing other bioequivalency data and pharmacokinetics data in patients to communicate with the National Medical Products Administration (NMPA) (formerly CFDA of China) later this year for guidance on the approval path of this key drug candidate.

F351, if approved by NMPA, is expected to be manufactured in the new factory of Beijing Continent Pharmaceutical, Ltd (Beijing Continent). As recently disclosed, Beijing Continent established a Hong Kong registered company for potential listing purposes. GNI's management believes this potential listing will be accretive for the Group as a whole and support the expansion and growth of Beijing Continent in the China market. GNI intends to continue consolidation of Beijing Continent following a potential listing, as a fundamental part of the Group.

A key component of Beijing Continent's success has been the strong growth of its Etuary® pharmaceutical drug sales in China. Our sales team is focused on expanding coverage to an increasing number hospitals throughout the country and delivering the needed drug to a greater percentage of IPF patients. Throughout the first month of 2019, Etuary® sales continue to move upward and the management of GNI is optimistic that the company will see strong growth of sales and profit in 2019.

In addition to our historic base in China, the Group's US operations provide both revenue and investment opportunities for the future of GNI. Our medical device business, Berkeley Advanced Biomaterials LLC, has consistently generated positive return as an important source of income and financial stability for the Group. Our drug discovery start-up Cullgen Inc. (Cullgen) in less than a full year operation has already generated a significant number of New Chemical Entities (NCEs) for cancer therapy. Its cutting edge protein degradation technology can be a source of our future clinical drug pipeline, with the first IND enabling studies by Cullgen targeted for later this year. And our most recent investment in Reveal Biosciences, Inc., a computational pathology diagnosis company in San Diego, California enables GNI Group to participate in the growing application of artificial intelligence in the healthcare field, with direct benefits to our current clinical drug pipeline.

On February 14, 2019, the Company will disclose its GNI Group consolidated financial results for the fiscal year 2018 and projection for fiscal year 2019.

About GNI Group Ltd.

GNI Group Ltd. is a multinational pharmaceutical company listed on the Tokyo Stock Exchange Mothers Market, Code 2160. The Group is headquartered in Tokyo, with primary business units of pharmaceuticals

and medical devices with subsidiaries in Hong Kong, Shanghai, Beijing and the United States. For further information about GNI Group Ltd., please visit www.gnipharma.com.

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This press release contains "forward-looking" statements, including statements related to the 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 the 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. The Group does not undertake any obligation to update forward-looking statements.