



January 18, 2016

Dear Shareholders, Customers, and Friends,

Happy New Year!

2015 was a milestone year for our company. With your support, last year GNI Group focused on the sales of Etuary® for lung fibrosis, the clinical trial of F351 for liver fibrosis in China, and also the preparation of the IND filing for F351 in the United States. In the meantime, the registration application for our first license-in product (Tamibarotene) was also submitted to the China FDA. If approved, it will be our second new orphan disease drug introduced for needy patients in China. At our manufacturing facility in Beijing, we tripled our production capacity through hardware renovation in anticipation of increasing sales in the coming years.

Looking forward, I am confident 2016 will be a promising year for our company. Etuary® sales at our Beijing Continent subsidiary should steadily increase as it is the only approved drug for this deadly disease. And, no one is expecting the fast expanding Chinese healthcare market to slow down any time soon. Beijing Continent should provide the whole GNI Group with stability and growth.

Meanwhile, the clinical trial of F351 in China will continue to move forward with enrollment of the majority of patients. A good phase II trial result will add significant value, not less than the sales of Etuary®, to our company. And finally, our fingers are crossed for the pending approval of Tamibarotene. F351, Tamibarotene, plus other drugs under development will be the growth engine for the next 5-10 years.

Although the global economy has entered a stage of uncertainty recently, characterized by falling commodity prices, stock market turbulence, and fluctuation of currency exchange rates, I think the impact to GNI's core healthcare business will be minimized because the healthcare industry has been quite resilient to such factors in the past. And, our company has enough funds for all of our R&D pipeline for the next three years, without counting on the increasing profit generated by Etuary® sales or future sales of Tamibarotene if approved. We are also waiting for insurance policy reform/change in China this year which may enable more patients to have access to Etuary®.

In conclusion, 2016 will be an exciting year for the company. Under administration by our Tokyo head office with strict compliance, GNI Group should deliver both growth and stability while providing unique access to the fast growing Chinese healthcare market for our shareholders. Please continue to follow GNI through our official website and press releases. Thank you again for your support.

Ying Luo, Representative Executive Director, President and CEO