F351 Patents and Development Update

Tokyo, January 30, 2012 – GNI Group Ltd (GNIG), a leading biopharmaceutical company in Japan and China, is pleased to announce that its wholly owned subsidiary, Shanghai Genomics (SG), has recently received two more US patent allowance on its major drug candidate F351. The first US patent allowance issued in 2010 gave GNIG the protection of F351 as a new pharmaceutical composition. The second and the third patents further protect the method of use and the method of making of F351. The grant of these three patents gave GNIG complete protection for one of its core intellectual property rights in the United States, the world's largest healthcare market.

F351 is a derivative of pirfenidone. Pirfenidone had been approved for the treatment of Idiopathic Pulmonary Fibrosis in Japan, Europe, and China. Shanghai Genomics received New Drug Application (NDA) for pirfenidone in China in September, 2011. GNIG formed a Joint Venture with EPS in Tianjin, China to develop F351 for use in liver fibrosis. After consultation with SFDA, we plan to conduct a 2nd clinical trial (Phase Ib) to further study the long term use of pirfenidone at various dosages. This clinical trial is expected to start in 2012.

Also in 2011, the exciting results of a clinical trial done by Professor Sharma from the University of California on the use of pirfenidone to treat Diabetic Nephropathy were published in the Journal of the American Society of Nephrology (www.jasn.org). Diabetic nephropathy accounts for over 40% of end-stage kidney disease in the United States. This research concluded that pirfenidone is a promising agent in diabetic nephropathy therapy. Shanghai Genomics had also conducted animal studies which demonstrated that F351 is an effect agent in interstitial kidney fibrosis therapy. Further animal studies for the purpose to add nephropathy as an additional indication for F351 clinical trials in China are being carried out.

"Both liver fibrosis and nephropathy affect multi-million patients world wide. There is a lack of effective therapy. After achieving the NDA approval of F647/pirfenidone, we will continue to develop our product pipeline aiming at the unmet needs of global healthcare. On-going GMP-related renovation at the Bejing Continent factory will not only produce F647 for our company but also provide critical support for future drug pipeline development," said, Dr. Ying Luo, CEO of GNI Group.

About GNIG

Founded in 2001, GNI Group, Ltd. is a clinical-stage international drug development group with its headquarters in Tokyo, Japan, and research operations in Shanghai, China. In June 2005, GNIG acquired Shanghai Genomics, which was also founded in 2001, and currently operates an integrated drug discovery and development platform in Shanghai. The combined strengths of GNIG and Shanghai Genomics have resulted in research collaborations with major international pharmaceutical companies. For further information, please visit www.gnipharma.com and www.shanghaigenomics.com.

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