GNI Announces IND Approval in China for Novel Liver Disease Drug F351

Tokyo, November 21, 2007 – GNI Ltd, a leading biopharmaceutical company in Japan and China, is pleased to announce that the State Food and Drug Administration of China has approved its Investigational New Drug application (IND) for the clinical development of one of its lead drug candidates, F351, for the treatment of liver fibrosis/cirrhosis. GNI's China-based affiliate, Shanghai Genomics, is in the process of preparing its Phase I clinical trial.

The principal causes of liver fibrosis/cirrhosis in Japan and China are viral infection by the Hepatitis B virus or Hepatitis C virus. Alcohol abuse and fatty liver may also lead to liver fibrosis. Fibrosis is a complicated disease process during which liver cells are replaced with scar tissue and gradually damages liver function. Inflammation is usually the first step of this process. In China alone, it is estimated that 130 million people are infected with and carrying the HBV virus. A significant percentage of them will develop liver fibrosis/cirrhosis, frequently resulting in mortality.

Liver fibrosis has very large patient population in Japan, China, and many other Asian countries. Liver disease is also called a "National Disease" in China. "F351 may provide a breakthrough therapy for liver fibrosis patients at risk of developing cirrhosis complication," stated Ying Luo, Ph.D., Chief Executive Officer of GNI, Ltd. and Shanghai Genomics, Inc. "This will be our second product in clinical trials, which represents a major milestone and expands our product portfolio. The IND approval demonstrates our R&D and regulatory team's capability and our determination to develop new drugs for diseases prevalent in Asia, especially in Japan and China," continued Dr. Luo.

"The initiation of this clinical study follows years of our research on key inflammatory signaling pathways in human cells and in animals," added Jun Wu, Ph.D., Chief Scientific Officer of GNI, Ltd. and Shanghai Genomics, Inc. "We have shown that F351 specifically inhibits over-production of collagen by liver fibroblasts following inflammatory insults. The possibility to intervene in such inflammatory process has enormous relevance to the treatment of fibrotic diseases in human."

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About GNI

Founded in 2001, GNI is a clinical-stage international drug development company with its headquarter in Japan and major operation in China. GNI has successfully mapped gene regulatory networks via a complex process of reverse-engineering. Furthermore, GNI has developed the technology required to apply this data to drug development and discovery. In June 2005, GNI acquired Shanghai Genomics, which operates an integrated drug discovery and development platform in Shanghai, China. The combined strength of GNI and Shanghai Genomics has resulted in research collaborations with major international pharmaceutical companies. In August 2007 GNI was listed on the Mothers market of the Tokyo Stock Exchange (ticker symbol: 2160). For further information, please visit www.gene-networks.com and www.shanghaigenomics.com.