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Company Name: GNI Group Ltd.
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FAQ for Our Disclosure on December 27, 2022, "GNI Group and Catalyst Biosciences Signed Agreements to Advance Liver Fibrosis Drug Development"

The followings are some of the frequently asked questions and their answers we have received so far regarding our disclosure on December 27, 2022, "GNI Group and Catalyst Biosciences Signed Agreements to Advance Liver Fibrosis Drug Development."

Legends

GNI Group Ltd. (single entity in Japan): **the Company**
The Company and its subsidiaries: **the Group**
Beijing Continent, Co. Ltd.: **Continent**
Catalyst Biosciences, Inc.: **CBIO**
For other terms, please refer to the disclosure on December 27, 2022, "GNI Group and Catalyst Biosciences Signed Agreements to Advance Liver Fibrosis Drug Development."

Q1: What will happen to Continent? Will it be absorbed by CBIO?

A1: Continent is an important operating company and continues as such. Continent owns F351 rights for mainland China, and those rights remain in force. Continent will continue developing F351 as well as other drugs in China. Continent will also continue manufacturing and marketing ETUARY in China, as it has been doing. The Group will keep fully consolidating Continent. After Transaction 2 is completed, Continent will be owned by CBIO, which in turn will be owned by the Group.

Q2: What will happen to Continent's IPO application to HKEX?

A2: Continent's IPO application has lapsed per Main Board Rule 9.03(1) of the HKEX, as more than 6 months have elapsed since the listing application of 28 February 2022. Continent is not planning to take further actions regarding the IPO application to HKEX at this point in time. Continent's application and the exchange's reception were exemplary, and the Group will continue to maintain a strong relationship with all major exchange operators including HKEX, JPX, and Nasdaq.

Q3: Why have you chosen to transfer F351 ex-China rights rather than a regular licensing or business alliance deal?

A3: It has been said liver fibrosis R&D is the "graveyard of biotech." That may be so for many companies but not for Continent. We have had good R&D success in organ fibrosis in China. This allows us to be carefully focused when it comes to fibrosis R&D in the US where clinical trials tend to be much more expensive. Through this transaction the Group has kept ownership of the F351 asset, by means of transferring it to another publicly listed entity (CBIO), which we expect eventually will be majority-owned by the Group. If we had licensed and/or entered into an alliance, we would have had to give up all or a portion of this valuable asset. For now, working closely with CBIO through this transaction is an efficient and timely expansion of the Group's R&D capabilities judging from the market's reception to similarly focused pharmaceutical companies also listed on the Nasdaq.

Q4: Why did you choose CBIO as a partner for Continent in the US?

A4: The Group worked with its advisors to identify an appropriate company for this transaction and approached CBIO's management and board to propose the deal. CBIO is listed on Nasdaq, probably the most prominent equity market in the world for biotech and high growth companies. By Continent becoming a subsidiary of CBIO, Continent will have access to Nasdaq's liquidity to fund future clinical development in the US. A company like CBIO adds substance to GNI USA's presence in the US, and it balances out well the Group's global footprint across Japan, China and the US.

Q5: Who will manage CBIO after these transactions?

A5: CBIO's current management team, Dr. Nassim Usman as CEO and Ms. Seline Miller as CFO, will continue to serve in their positions, respectively, at least through the closing of the Continent acquisition. Effective with the closing of the F351 acquisition, Dr. Ying Luo and Thomas Eastling will be joining the Catalyst board representing the Group, along with the three legacy Catalyst directors (Augustine Lawlor, Nassim Usman. Ph.D., and Andrea Hunt).

Q6: Is CBIO able to carry out F351 clinical and commercial developments in the US? Does it have enough capital?

A6: CBIO's current CEO has ample experience with clinical development in the US as does his immediate management team. We will also seek and hire additional qualified professionals to CBIO in 2023. A key objective of this transaction is to facilitate the further development of the F351 asset in the US market, utilizing the positive cash flow of the Continent operations and future financing opportunities by the Nasdaq-listed CBIO entity.

Q7: Why does GNI not keep Continent as its own non-public subsidiary?

A7: Continent needs significantly more funds than what the Group alone can provide to fully realize F351's potential at a global scale. It also needs business partnerships to develop and market its next drug F351 globally. Via CBIO the Group holds a position in Continent sufficient to influence and eventually maintain majority control of the company, but the CBIO platform also lends itself well for GNI USA and the Group more broadly to collaborate with similar innovative drug R&D companies opportunistically.

Q8: Will Continent be listed in Nasdaq after the transactions?

A8: Continent itself will not be listed on Nasdaq. Continent will become a fully consolidated

subsidiary of CBIO, a Nasdaq-listed company, after Transaction 2 when and if approved by CBIO shareholders in 2023.

Q9: Is this kind of transaction allowed in Nasdaq?

A9: Yes, this kind of transaction is called a reverse merger, which is not uncommon in the Nasdaq marketplace. In the case of the CBIO deal, Nasdaq was fully informed of the company's intentions to enter into the deal prior to the signing and closing of the F351 asset purchase transaction. A reverse merger is not an IPO, and in this case, there was no financing involved such as a "PIPEs" (Private Investment in Public Equities) or otherwise. A registration statement or prospectus is not necessary; however, a Form 8-K has been filed by CBIO with the SEC as this transaction is a material event for CBIO. While not required, CBIO will also file a registration statement on Form S-4 with the SEC to register the securities issued to GNI parties in both transactions. The S-4 will contain the required proxy statement soliciting the approval by CBIO stockholders of Transaction 2, the conversion into CBIO common stock of the preferred stock issued to GNI parties in Transaction 1, and other matters, in accordance with Nasdaq rules. The SEC may ask questions, as the Nasdaq listing exchange may also, up until the time of the shareholders meeting to vote on Transaction 2.

Q10: How will GNI shareholders benefit by these transactions?

A10: Nasdaq is well-suited to high growth pharma and biotech firms from around the world, not only U.S. companies. As a platform to raise the Group's profile globally, it is an excellent venue. The reverse merger also allows us to maintain in the Group a higher level of ownership in Continent than had it been listed on the HKEX while still serving as a means to unlock value in Continent's successful business model. Overtime we expect this major corporate event will lead to a more diversified and deeper shareholder profile in the Company's investor base in Japan and to less variability in our stock price. The purpose of these transactions is to effectively unlock the unrealized value of Continent, as well as the F351 asset outside of China, via the Nasdaq listed CBIO entity, while maintaining control under the Group. Any future increase in the corporate value of Continent through CBIO entity will subsequently increase the value of the Company.

Q11: Why is F351's ex-China rights valued at $35M only?

A11: This economic value was arrived at during arms-length discussions between seasoned pharmaceutical industry executives, i.e., the value agreed to by a willing buyer (GNI Group) and a willing seller (CBIO) each of which understand well the science and the process of drug R&D. To date, F351 has had a good track record in clinical trials in China for HBV-induced liver fibrosis. F351 (ex-China) remains a pre-Phase II (proof of concept) drug candidate in the United States with a statistically high failure rate of future commercialization. However, NASH remains an untreated and growing disease, presenting a substantial market opportunity for any successful drug. Therefore, positioning F351 compound as a NASH candidate in the United States enabled the $35 million valuation for the early-stage drug asset. This value conservatively represents the opportunity that both parties' executive teams envision for the future.

Q12: Why are the F351 ex-China rights sale's proceeds CBIO stocks rather than cash?

A12: CBIO will be an important business partner and serve as a foothold for the Group companies to enhance F351 clinical and business development in the US. A relationship underpinned by equity share exchange is a long-term relationship and not merely a one-time "cash and carry" source of income. The deal was also structured to minimize taxes and maximize cash reserves for future drug discovery and development. The $35 million valuation of F351 in cash would not be sufficient to complete the drug development process through commercialization. Using the drug asset to acquire a Nasdaq listed company provides the ability to raise additional funding as needed through each stage of the clinical development to bring the drug to market.

Q13: What happens if Transaction 2 is not approved by CBIO shareholders?

A13: F351's ex-China rights and patents have been assigned to and will remain with CBIO

regardless of the outcome of Transaction 2. The Group would still hold economically over 80% of CBIO, but its voting power initially is just below 20%. However, in this event the Group would still remain as the largest shareholder of CBIO and intends to collaborate closely with CBIO to proceed with clinical and commercial development of F351 in the US.