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**Additional 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 additional frequently asked questions after our Initial frequently asked questions (disclosed on December 30, 2022) regarding our disclosure on December 27, 2022, “GNI Group and Catalyst Biosciences Signed Agreements to Advance Liver Fibrosis Drug Development.”

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Note: In places, pro forma figures in the pages which follow may be rounded to underscore direction of the business.

**Legends**

GNI Group Ltd. (single entity in Japan): **the Company**

The Company and its subsidiaries: **the Group**

Beijing Continent Pharmaceuticals, Co. Ltd.: **Continent**

Catalyst Biosciences, Inc.: **CBIO**

For Q&A 1-13 and / or for other terminology, please refer to the disclosure on December 27, 2022, [“GNI Group and Catalyst Biosciences Signed Agreements to Advance Liver Fibrosis Drug Development”](#) and the first Q&A disclosed on December 30, 2022, [“FAQ for ‘GNI Group and Catalyst Biosciences Signed Agreements to Advance Liver Fibrosis Drug Development’ disclosure.”](#)

**Q14: There was a comment in the first disclosure on December 27, 2022, that “the Group intends to buy out these shares within the next two years.” How do you finance this purchase of Continent shares that are currently held by China-domiciled Continent shareholders?**

A14: The Group has significant investment and commercial banking relationships worldwide, as well as access to the global equity markets. The Group will take into consideration all alternatives in regard to funding this contingent liability, while keeping in mind the interest of the Group’s existing shareholders.

**Q15: Since CBIO is a money-losing company, wouldn’t consolidating it adversely affect your financial results?**

A15: CBIO will serve as a platform for the further development of a key IP asset of the GNI Group, F351, with a view to increase economic value for the Group’s shareholders. Unlike most other biotechnology companies, CBIO will be able to fund its own R&D in the US, utilizing the profits the Group has retained and potentially raising funds in the US capital markets. This will substantially reduce the financial burden on the GNI Group going forward.

**Q16: GNI’s disclosure material says CBIO (through CPI, etc.) will own 55.97% of Continent, while CBIO’s press release says 65.18%. Why are they different?**

A16: In addition to the Group’s 55.97% ownership pre-transaction, there were several other smaller shareholders offshore who endorsed the transaction and agreed with the Group to “piggyback” on the Group’s transaction.

**Q17: There is a rule in Nasdaq that a stock of which price is below \$1 will be issued a warning and be delisted unless the stock price goes above \$1. CBIO stock price has been below \$1 since September 20<sup>th</sup>, 2022. Will it be delisted from Nasdaq? What are you going to do with it?**

A17: There are various standard procedures frequently used in the equity markets to correct such matters that CBIO can utilize, such as reverse stock splits. CBIO will carefully evaluate the most appropriate action, in consultation with Nasdaq and its investment bank advisors, to resolve the issue and avoid any delisting requirements.

**Q18: Law firms in the US such as Weiss Law claim that they are “investigating possible breaches of fiduciary duty and other violations of law” regarding this transaction. Is this transaction illegal? Will this investigation impact the transactions with CBIO?**

A18: As a public company listed on Nasdaq, from time to time, CBIO may be subject to claims or legal proceedings arising in its ordinary course of business. At this time CBIO is not presently a party to any legal proceedings that in the opinion of its management, would individually or taken together have a material effect on its business, operating results, financial condition, or cash flows.