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PRESS RELEASE

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RaQualia Announces Research Collaboration Agreement with XuanZhu Pharma Co., Ltd. (China)

December 22, 2015 - RaQualia Pharma Inc. (JASDAQ Code: 4579; RaQualia) today announced that the company's Board of Directors has approved the conclusion of a research collaboration agreement with XuanZhu Pharma Co., Ltd. (CEO: Frank Wu, Ph.D., headquartered in Shandong, China; hereinafter XuanZhu). The partnership will focus on developing pre-clinical compounds for a specific ion channel[*1] target that could lead to new pain treatment.

Under the terms of the agreement, the two companies will jointly work to identify analgesic drug candidates within three years. With the receipt of the upfront payment, RaQualia will provide its technical knowledge on ion channel and pain research as well as human resources, and will be granted with worldwide exclusive rights (excluding China, Taiwan, Hong Kong and Macao) to commercialize the drug candidate identified in the collaborative research or to license to a third party. XuanZhu will provide its technology, human resources and funding to the joint research, and will initiate pre-clinical trials for the candidate compound to file an IND[*2] application in China. XuanZhu will be granted with exclusive rights to manufacture and market the product in China, Taiwan, Hong Kong and Macao, and will conduct non-clinical and clinical studies necessary to submit a New Drug Application (NDA). Both companies agreed to distribute to the other party a part of their revenues generated from the commercialization of the product in each area.

"We are pleased to announce the collaboration with XuanZhu for development of innovative pain medicines." said Mr. Naoki Tani, President and CEO of RaQualia. "Having such a strong partner like XuanZhu in China, which is expected to be the world's second largest pharmaceutical market in the immediate future, will make substantial additions to our business. Beginning its drug discovery research in 2005, XuanZhu conducted clinical trials for Class 1.1[*3] therapeutic agents in China in 2011. Maximizing exceptional research and development capabilities of both companies, we look forward to bring new analgesic drugs to patients in the world."

RaQualia will record the upfront payment as business revenue for the fourth quarter of FY2015. The financial impact of this income is included in the business forecasts for FY2015 (January 1, 2015 to December 31, 2015) issued on December 22, 2015.

*1: Ion Channel
Ion channels are pore-forming integral membrane proteins that regulate plasma membrane potential by allowing the flow of ions across cell membrane. In excitable cells such as neurons or muscle cells, several types of ion channels contribute to generating action potentials, which convey physiological or pathological information along nerve system. Some ion channels exist in nerve terminals of peripheral and central tissue to modulate transmitter release. Thus, icon channels play a pivotal role in physiological homeostasis.

*2: IND

The acronym IND stands for Investigational New Drug. The IND application is submitted by the company responsible for initiating clinical trials for candidate drugs.

*3: Class 1.1

The candidate drugs submitted for manufacturing and marketing approval in China mainly fall into three groups based on approval status and/or sales situation in other countries. The Class 1.1 is defined as not being previously approved for marketing as a drug anywhere else in the world.

About XuanZhu Pharma Co., Ltd.

XuanZhu Pharma Co., Ltd. is an international research and development (R&D) enterprise of innovative drugs. Founded in 2002 with the registered capital of 50 million yuan, XuanZhu Pharma is focused on R&D of new chemical entities. XuanZhu Pharma works on seven cutting-edge therapeutic areas, such as antibiotics, cardiovascular diseases, oncology and diabetes. So far, multiple technology platforms have been established, including New Drug Design and Synthesis Center, Center for Pharmacology, Center for Drug Metabolism and Pharmacokinetics, Center for Early Safety Assessment & Research, API Scale-Up Center, and Formulation R&D Center. Besides, a complete system of new drug R&D has been set up, covering a wide spectrum from structure design of new drug to drug screening and evaluation for CRCD, from IND application to new drug application. XuanZhu Pharma has been in a leading position in the field of new drug discovery and development in China and is committed to building a world-class innovative drug research platform.

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