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Securities code: 4579
March 13, 2017

Naoki Tani
President & CEO
RaQualia Pharma Inc.
1-21-19 Meieki Minami,
Nakamura-ku, Nagoya, Japan

CONVOCATION NOTICE OF THE 9TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 9th Ordinary General Meeting of Shareholders (the “Meeting”) of RaQualia Pharma Inc. (the “Company”) to be held as indicated below.

If you are unable to attend the Meeting, you may exercise your voting rights by either of the following methods. Please review the attached “Reference Materials for the Ordinary General Meeting of Shareholders” and exercise your voting rights.

Voting by Mail

Please indicate “for” or “against” for the proposal in the enclosed Voting Right Exercise Form, and return the form to us no later than 5:30 p.m., Wednesday, March 29, 2017 (Japan Standard Time).

Voting via the Internet

Please access the website for exercising voting rights designated by the Company (<http://www.web54.net>; Japanese only), input the “voting right exercise code” and “password” supplied on the enclosed Voting Right Exercise Form, and follow the on-screen instructions to enter your vote “for” or “against” the proposal no later than 5:30 p.m., Wednesday, March 29, 2017 (Japan Standard Time).

Please refer to the “Guidance for Exercising Voting Rights via the Internet” on page 2 when voting via the internet.

- 1. Date and Time:** March 30, 2017 (Thursday) at 10:00 a.m.
- 2. Place:** King room (former conference room 501), Sakae Gas Building 5F,
3-15-33 Sakae, Naka-ku, Nagoya, Japan
- 3. Meeting Agenda:**
Report matters: The Business Report and the Non-consolidated Financial Statements for the 9th Fiscal Year (January 1, 2016 to December 31, 2016).
Resolution matters:
Proposal: Election of Four (4) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

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- If you plan to attend the Meeting, please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting.
 - As a business presentation for shareholders will be held after the Meeting, we kindly ask that you also attend this presentation.
 - Any amendments to the Reference Materials for the Ordinary General Meeting of Shareholders, Business Report, and Non-consolidated Financial Statements will be posted on the Company’s website (URL: <http://www.raqualia.co.jp/>). The amendments in these documents will be available in Japanese only.

Guidance for Exercising Voting Rights via the Internet

When exercising voting rights via the internet, please accept the following conditions before exercising your rights.

1. You may exercise voting rights via the internet through the following website for exercising voting rights designated by the Company. Please note that the Company has not created a website specifically for mobile phones.

URL of website for exercising voting rights: <http://www.web54.net> (Available in Japanese only)

2. When exercising voting rights via the internet, you will need the “voting right exercise code” and “password” supplied on the enclosed Voting Right Exercise Form.

3. Please exercise voting rights via the internet no later than 5:30 p.m., Wednesday, March 29, 2017 (Japan Standard Time), the day before the Meeting.

4. If you exercise voting rights several times via the internet, only your final vote shall be deemed effective. Also, if you exercise voting rights both via the Voting Right Exercise Form and the internet, the voting rights exercised via the internet shall be deemed effective.

5. Please note that any expenses arising from accessing the website for exercising voting rights shall be borne by the shareholder.

6. If you have any questions regarding exercising voting rights via the internet, please call the following number.

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support (dedicated line)
0120-652-031 (toll free, available only in Japan) (Support in Japanese only)
[9:00 a.m. to 9:00 p.m. (Japan Standard Time) every day except Saturdays, Sundays and national holidays]

Reference Materials for the Ordinary General Meeting of Shareholders

Proposal and Reference Matters

Proposal: Election of Four (4) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

The terms of office of all four (4) Directors (excluding Directors serving on the Audit and Supervisory Committee. The same shall apply hereinafter in this proposal) will expire upon conclusion of this Meeting. Therefore, it is proposed that four (4) Directors to be elected.

The candidates for Directors are as follows.

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
1	Naoki Tani (Mar. 23, 1948)	Apr. 1973 Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.) Jul. 1985 In charge of Licensing, Planning Office Jul. 2000 Global Management Strategy Department Apr. 2006 Professor, TLO Department, Nara Institute of Science and Technology Apr. 2010 Joined the Company Vice President Oct. 2010 Director Apr. 2011 Senior Vice President Aug. 2012 Representative Director (to present)	– shares
2	Hatsuo Aoki (Apr. 8, 1936)	Apr. 1960 Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.) Jun. 1988 Member of the Board Jan. 1993 Managing Director, Fujisawa Pharmaceutical Co., Ltd. Chairman & CEO, Fujisawa USA, Inc. Jun. 1995 Senior Managing Director, Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.) Jun. 1999 President and CEO Apr. 2005 Chairman and Representative Director, Astellas Pharma Inc. Jun. 2006 Co-chairman and Representative Director Jun. 2008 Senior Advisor to the Board Jun. 2010 Adviser Aug. 2011 Consultant, the Company Mar. 2012 Director, CxO advisors, Inc. Outside Director, the Company (to present)	– shares

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
3	Kiichiro Kawada (Oct. 26, 1960)	<p>Apr. 1984 Joined Kamigumi Co., Ltd.</p> <p>Jan. 1989 Joined Touche Ross & Co.</p> <p>Sep. 1990 Joined Deloitte Touche LLP</p> <p>Aug. 1993 Registered as U.S. Certified Public Accountant (California, the United States)</p> <p>Sep. 1995 Manager (International Taxation), Deloitte Touche LLP</p> <p>Nov. 1995 Joined Finance & Accounting Division of NIPPON EXPRESS U.S.A., INC. Senior Manager</p> <p>Sep. 2001 Joined CF Division of Tohmatsu & Co. Manager</p> <p>Oct. 2003 Senior Manager</p> <p>Oct. 2004 Joined Industrial Revitalization Corporation of Japan Manager</p> <p>May 2005 Joined FA Division of Deloitte Tohmatsu FAS Co., Ltd. Senior Vice President</p> <p>Mar. 2009 Joined the Company Vice President (General Manager of Internal Audit Office)</p> <p>Sep. 2011 Vice President (in charge of Corporate Planning & Strategy)</p> <p>Mar. 2012 Senior Vice President (CFO and in charge of Finance, Corporate Planning & Strategy and Research Planning & Coordination)</p> <p>Mar. 2016 Executive Vice President (CFO and in charge of Finance, Corporate Planning & Strategy and Research Planning & Coordination) (to present) Director (to present)</p>	7,300 shares
4	Shuzo Watanabe (May 15, 1967)	<p>Apr. 1992 Joined Pfizer Seiyaku K.K. (currently Pfizer Japan Inc.)</p> <p>Apr. 2005 Senior Scientist, Discovery Biology Research, Pfizer Global Research and Development Nagoya Laboratories, Pfizer Japan Inc.</p> <p>Dec. 2006 Senior Principal Scientist, Discovery Biology Research, Pfizer Global Research and Development Nagoya Laboratories</p> <p>Jul. 2008 Joined the Company</p> <p>Oct. 2012 Vice President (Head of Discovery Research)</p> <p>Mar. 2016 Senior Vice President (Head of Discovery Research) (to present) Director (to present)</p>	4,800 shares

- (Notes)
1. No conflict of special interests exists between the Company and each candidate.
 2. Mr. Hatsuo Aoki is a candidate for Outside Director.
 3. The Company has designated Mr. Hatsuo Aoki as an independent officer based on the regulations stipulated by the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange accordingly. If the reappointment of Mr. Hatsuo Aoki is approved, the Company will designate him again as an independent officer.

4. Reason for the nomination as candidate for Outside Director

With a great deal of knowledge and a wide range of global insight as a business manager, Mr. Hatsuo Aoki is able to leverage his knowledge for the management of the Company, promote further revitalization of the Board of Directors, and work to improve transparency in management as well as to reinforce corporate governance. Therefore, the Company requests the election of Mr. Hatsuo Aoki as an Outside Director. Mr. Hatsuo Aoki has assumed office as an Outside Director since March 2012 and the Company believes that he will continue to perform his duties as an Outside Director properly.

5. Mr. Hatsuo Aoki currently serves as an Outside Director of the Company and he will have assumed the office as an Outside Director for five (5) years at the conclusion of this Meeting.
6. Under the provision of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Mr. Hatsuo Aoki to limit his liability for damages specified in Article 423, Paragraph 1 of the said Act. The Company will continue the said agreement with him if he is elected as a Director in accordance with this proposal. The maximum amount of liability for damages under the agreement shall be the amount provided for by laws and ordinances.

Non-consolidated Financial Statements

(January 1, 2016 - December 31, 2016)

Non-consolidated Balance Sheet

(As of December 31, 2016)

(Thousands of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	1,806,492	Current liabilities	190,213
Cash and deposits	1,427,817	Accounts payable - other	125,985
Accounts receivable - trade	58,265	Accrued expenses	40,188
Securities	9,128	Income taxes payable	1,346
Supplies	7,125	Deferred tax liabilities	1,192
Advance payments - trade	205,236	Advances received	13,500
Prepaid expenses	55,538	Deposits received	3,435
Other	43,380	Other	4,565
Non-current assets	2,212,822	Non-current liabilities	41,073
Property, plant and equipment	248,739	Asset retirement obligations	11,649
Buildings	140,568	Deferred tax liabilities	29,424
Tools, furniture and fixtures	451,833		
Accumulated depreciation	(343,662)	Total liabilities	231,286
Intangible assets	12,794	(Net assets)	
Trademark right	5,546	Shareholders' equity	3,747,058
Software	6,816	Capital stock	2,237,588
Other	431	Capital surplus	2,237,588
Investments and other assets	1,951,288	Legal capital surplus	2,237,588
Investment securities	1,937,383	Retained earnings	(728,117)
Long-term prepaid expenses	3,198	Other retained earnings	(728,117)
Other	10,705	Retained earnings brought forward	(728,117)
		Valuation and translation adjustments	26,183
		Valuation difference on available-for-sale securities	26,183
		Subscription rights to shares	14,785
		Total net assets	3,788,027
Total assets	4,019,314	Total liabilities and net assets	4,019,314

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.

Non-consolidated Statement of Income
(January 1, 2016 - December 31, 2016)

(Thousands of yen)

Account title	Amount	
Business revenue		705,235
Business expenses		
Cost of business revenue	117,630	
Research and development expenses	796,229	
Other selling, general and administrative expenses	551,252	1,465,111
Operating loss		(759,876)
Non-operating income		
Interest income	12,654	
Interest on securities	52,329	
Gain on valuation of compound financial instruments	8,070	
Subsidy income	19,843	
Other	1,601	94,499
Non-operating expenses		
Foreign exchange losses	55,328	55,328
Ordinary loss		(720,705)
Extraordinary losses		
Loss on redemption of investment securities	2,000	2,000
Loss before income taxes		(722,705)
Income taxes - current	1,346	
Income taxes - deferred	4,065	5,411
Loss		(728,117)

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.

Non-consolidated Statement of Changes in Equity

(January 1, 2016 - December 31, 2016)

(Thousands of yen)

	Shareholders' equity			Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance at beginning of current period	9,806,225	5,090,225	(10,421,274)	4,475,176
Changes of items during period				
Deficit disposition	(7,568,637)	(2,852,637)	10,421,274	-
Loss			(728,117)	(728,117)
Net changes of items other than shareholders' equity				
Total changes of items during period	(7,568,637)	(2,852,637)	9,693,157	(728,117)
Balance at end of current period	2,237,588	2,237,588	(728,117)	3,747,058

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	28,170	28,170	11,017	4,514,364
Changes of items during period				
Deficit disposition				-
Loss				(728,117)
Net changes of items other than shareholders' equity	(1,986)	(1,986)	3,768	1,781
Total changes of items during period	(1,986)	(1,986)	3,768	(726,336)
Balance at end of current period	26,183	26,183	14,785	3,788,027

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.