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PRESS RELEASE

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## RaQualia Announces Execution of Joint Cooperation Agreement with ZTE Coming Biotech Co., Ltd. (China)

January 29, 2018 - RaQualia Pharma Inc. (JASDAQ Code: 4579; RaQualia) today announced that the company's Board of Directors has approved the conclusion of a joint cooperation agreement with ZTE Coming Biotech Co., Ltd. (CEO: Wu Yemin, headquartered in Shanghai, China; hereinafter ZTE Biotech), which is an independent subsidiary mainly-controlled by Zhongxing Environmental Protection Group Co. Ltd (深圳中兴环保集团股份有限公司, Chairman: Han, Junping, headquartered in Shenzhen, China; hereinafter ZEPG).

### 1. Purpose of Execution of Joint Operation Agreement

China is experiencing large-scale regulatory reform in the biomedical field, in order to promote the research of development of new and advanced drugs. More and more Chinese institutional investors as well as local government agencies are actively engaging with international pharmaceutical companies for such a purpose. We made a business decision that the best approach to expand our business into China for the development of new pharmaceutical products is by establishing a joint venture with a reputable Chinese company. ZTE Biotech was established in 2014 with the support of ZTE Corporation. ZTE Biotech is specialized in identifying promising clinical compounds that are in early-stage of development by foreign entities, and performing clinical development of these compounds in China for the global market. We believe we are in-align with ZTE Biotech in terms of product development and business strategy.

We are delighted to execute with ZTE Biotech a Joint Cooperation Agreement, in which we will license intellectual property rights associated with 5-HT<sub>4</sub> partial agonist (RQ-0000010) and 5-HT<sub>2B</sub> antagonist (RQ-00310941), and provide technology knowledge and technical expertise to a joint venture company in China, and ZTE Biotech will provide financing for the establishment of the joint venture company and the development of the above two products. Together we will cooperate for the development and marketing of the new drugs in China and potential global markets.

### 2. Outline of the Joint Venture (planned)

(1) Name of Company	undecided
(2) Location	undecided

(3) Representative	undecided
(4) Business Description	Discovery and development of pharmaceutical compounds
(5) Capital	undecided
(6) Date of Foundation	May, 2018 (Plan)
(7) Fiscal-year End	December 31 every year
(8) Investment Ratios	ZTE Biotech: 65%、RaQualia: 35%

### 3. Outline of Joint Venture Partner

(1) Name of Company	ZTE Coming Biotech Co., Ltd.
(2) Location	Shanghai, China
(3) Representative	CEO Wu Yemin
(4) Business Description	Discovery and development of pharmaceutical compounds and medical device
(5) Year of Foundation	2014
(6) Major Shareholder and Shareholding Ratio	Zhongxing Environmental Protection Group Co. Ltd 49%

※ZTE Biotech is an independent subsidiary mainly-controlled by ZEPEG. ZTE Biotech is a private company that does not disclose their "capital", "net assets" and "total assets".

### 4. Impact on Financial Results

Evaluation of the financial impact on the consolidated business results for FY2018 is underway. The result will be included in the business forecasts for FY2018 in the summary of the consolidated financial results for FY2017, which is scheduled to be issued on February 9, 2018.

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